No. 11718

United States
Circuit Court of Appeals
For the Ninth Circuit.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a National Banking Association,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Transcript of Record

Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

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In the United States District Court,
Northern District of California, Southern Division

No. 24039-S

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association,

Plaintiff,

vs.

UNITED STATES OF AMERICA,

Defendant.

AMENDED COMPLAINT FOR RECOVERY OF INCOME TAXES ILLEGALLY ASSESSED AND COLLECTED

Comes now the plaintiff and for cause of action against the defendant alleges:

First Cause of Action

I.

This action arises under the Internal Revenue laws of the United States; it is brought pursuant to the provisions of Section 24 of the Judicial Code, U. S. C., Title 28, Sec. 41 (20) for the recovery of income taxes erroneously and illegally collected from the plaintiff as hereinafter more fully appears.

II.

The plaintiff is a national banking association organized and existing under and by virtue of the laws of the United States of America. Its principal place of business is in the City and [1*] County of

* Page numbering appearing at foot of page of original certified Transcript of Record.

San Francisco, State of California, and in the Northern District of California, Southern Division.

III.

That at all times herein mentioned defendant was and now is a sovereign body politic by whom, through its agents, the taxes for which refund is hereby sought were erroneously and illegally assessed and collected. The taxes herein sought to be recovered were paid to Clifford C. Anglim, the then Collector of Internal Revenue for the First District of California. Said Clifford C. Anglim is no longer in office as Collector of Internal Revenue.

IV.

Plaintiff duly filed its income tax return for the calendar year 1938, reporting thereon a net income of $12,085,924.40 and a tax of $697,171.74, which tax was duly paid to the said Clifford C. Anglim, the then Collector of Internal Revenue for the First District of California.

In 1942 the Commissioner of Internal Revenue investigated plaintiff's tax return and made certain adjustments of said tax return, increasing plaintiff's net income for said year 1938 to $13,044,356.88. As the result of these adjustments the Commissioner of Internal Revenue determined plaintiff's tax liability for said year to be $855,792.20, indicating a deficiency in tax due from plaintiff of $158,620.46. This tax deficiency, together with interest thereon in the amount of $28,254.00, was assessed by the Commissioner of Internal Revenue against the plaintiff in March, 1942, and was paid by plaintiff to the said Clifford C. Anglim, the then Collector of In-

ternal Revenue, on March 17, 1942. Though plaintiff agreed to the assessment of this tax deficiency, and paid it, plaintiff reserved the right to contest the adjustments made by the Commissioner of Internal Revenue, and specifically the depreciation adjustment, and reserved the right to file claim for [2] refund for any tax which it might have overpaid for said year 1938.

V.

One of the adjustments made by the Commissioner of Internal Revenue as the result of his investigation of plaintiff's tax return, as aforesaid, was the disallowance of $279,384.22 of the deduction claimed by plaintiff as depreciation on its furniture and fixtures used in its business. Plaintiff had claimed a deduction on its return for said depreciation of $660,146.37 and the Commissioner allowed $380,762.15, disallowing the difference of $279,384.22 as aforesaid.

VI.

Prior to December 31, 1931, plaintiff had been deducting on its income tax returns the same amount of depreciation which it charged off on its books. As to furniture and fixtures, it was computing its depreciation at the rate of 8% per annum on the assumption that the furniture and fixtures would have an average useful life of 12½ years from time of purchase.

Shortly after December 31, 1931, the plaintiff made a survey to investigate the accuracy of its depreciation rate, and determined that its rate on furniture and fixtures was excessive and that the

average useful life of furniture and fixtures on hand on December 31, 1931, was 12½ years from that date, and of new furniture and fixtures was 15 years, and it thereupon changed its depreciation rate for bookkeeping purposes and thereafter charged off of its books a depreciation allowance computed by using a rate of 8% on the residual value of the furniture and fixtures on hand on December 31, 1931, and a rate of 6⅔% on new acquisitions thereafter. Plaintiff however continued to compute its depreciation at the rate of 8% per annum on original cost in computing its deduction for depreciation claimed on its income tax return for each of the years 1932 to 1937 inclusive. A statement [3] of plaintiff's cost of furniture and fixtures and the accumulated depreciation thereon as of the dates indicated, as reflected on its books, on its income tax returns, and in the determination made by the Commissioner of Internal Revenue, hereinafter referred to, is as follows:

	December 31, 1931	December 31, 1935	December 31, 1937
Cost — per books, per tax returns, and per Commissioner's computations	$11,916,844.89	$11,858,527.50	$13,297,655.02
Accumulated depreciation:			
Per books	5,334,498.48	7,066,353.07	8,288,320.67
Per tax return	5,334,498.48	8,451,154.98	10,074.023.87
Per Commissioner's computations	5,334,498.48	8,451,154.98	9,244,215.23
Cost less accumulated depreciation			
Per books	6,582,346.41	4,792,174.43	5,009,334.35
Per tax return	6,582,346.41	3,407,372.52	3,223,631.15
Per Commissioner's computations	6,582,346.41	3,407,372.52	4,053,439.79

On its income tax returns for 1938 and 1939 plaintiff deducted the same amount of depreciation as was charged off on its books.

VII.

The Commissioner of Internal Revenue determined that as of December 31, 1935, all furniture and fixtures then on hand had a ten year life from that date, and that as of December 31, 1937, the life of these same fixtures was redetermined to be ten years after December 31, 1937, and he further determined that the life of all the furniture and fixtures acquired after December 31, 1935, had a useful life of 16⅔ years after date of acquisition. In applying this determination the Commissioner of Internal Revenue made the following computations. [4]

(1) He took the residual value (cost less accumulated depreciation) as of December 31, 1935, of furniture and fixtures on hand on that date as that value was reflected on plaintiff's tax return for the year 1935, and then took one-tenth thereof as the depreciation allowance thereon for each of the years 1936 and 1937. He then deducted the aggregate of the depreciation allowances so computed for the years 1936 and 1937 from the said residual value as of December 31, 1935, and thus computed the residual value as of December 31, 1937. He then took one-tenth of that residual value as

the depreciation allowance thereon for each of the years 1938 and 1939.

(2) On furniture and fixtures acquired after December 31, 1935, he applied an annual rate of depreciation of 6% of the cost thereof, excepting for the year of acquisition, in which year he allowed depreciation at the rate of 3%.

VIII.

In the years 1932 to 1935, inclusive, the plaintiff sustained net losses, the losses for each of said years being in excess of the depreciation reported in each such year.

IX.

The Commissioner of Internal Revenue acknowledges that the depreciation deduction taken by plaintiff on its tax return for each of the years 1932 to 1935, inclusive, was excessive. In determining the furniture and fixtures depreciation deduction for the year 1938 and 1939, as hereinbefore alleged, the Commissioner of Internal Revenue changed the rate of depreciation used by plaintiff for each year 1936 to 1939, inclusive, but made no adjustment to restore to the residual value of said furniture and fixtures as of December 31, 1935, as shown on plaintiff's tax returns to that date, the excessive report of depreciation on said [5] property for the years 1932 to 1935, inclusive.

The excessive depreciation claimed in the years 1932 to 1935 was not allowed or allowable as a deduction for income tax purposes in those years.

X.

Years before the Commissioner of Internal Revenue made his determination of plaintiff's depreciation allowance as aforesaid, plaintiff had advised the Commissioner of Internal Revenue through his agents, the office of the Internal Revenue Agent in Charge at San Francisco, California that its depreciation deduction taken on its tax return for years after December 31, 1931 was not in accordance with its books, and was excessive and requested the Commissioner of Internal Revenue to recompute the depreciation for all years. The Commissioner of Internal Revenue, through his said agents, advised plaintiff that since plaintiff had such large net losses for the years 1932 to 1935, inclusive, that no adjustment of the depreciation could result in a tax liability for those years, the revision of the depreciation schedule for all years would be deferred until the audit of a return involving a tax liability. Plaintiff relied upon this advice and refrained from compiling revised schedules until such audit would be made. Thereafter, such audit was made when the Commissioner of Internal Revenue, through his said agents, audited plaintiff's tax returns for the years 1936, 1937, 1938, and 1939, and plaintiff worked almost a year with the Internal Revenue Agents computing and compiling revised depreciation schedules for all years. In said schedules there was restored to the residual value of plaintiff's furniture and fixtures as of December 31, 1935 the excessive depreciation taken in the

years 1932 to 1935 inclusive, and the residual value of said furniture and fixtures as of December 31, 1935, as recorded on plaintiff's books and records, was accepted [6] as the correct residual value on that date. After said revised schedules were completed, the Commissioner of Internal Revenue ruled that plaintiff was not entitled to restoration of the excessive depreciation taken on its tax returns in the years 1932 to 1935, inclusive, and he thereupon rejected the revised depreciation schedules and made the determination hereinbefore alleged. The said revised schedules showed a depreciation allowance for furniture and fixtures of $491,546.70 for the year 1938 and $530,503.05 for the year 1939. In his final determination hereinbefore alleged, the Commissioner of Internal Revenue used the same rates of depreciation as were used in the rejected revised schedules but applied them on a lower residual value for furniture and fixtures on hand on December 31, 1935.

The average useful life of furniture and fixtures used by plaintiff in its business is 15 years from date of acquisition.

XI.

The residual value of plaintiff's furniture and fixtures on December 31, 1935 is the residual value as reflected in its books and records on that date. Furniture and fixtures on hand on that date had a remaining useful life of 10 years from that date. Plaintiff has no objection to the Commissioner's determination that the furniture and fixtures on

hand on that date had a useful life of 10 years from that date, but alleges that the Commissioner erred in computing the depreciation allowance thereon for the years after 1935 by applying a 10% rate to the residual values as shown on the tax return for 1935, and the Commissioner should have restored to said residual value the excessive depreciation reported on the returns for 1932 to 1935 and should have used the residual value as shown by plaintiff's books.

XII.

The reasonable allowance for depreciation on plaintiff's [7] furniture and fixtures for the year 1938 is at least $660,146.37 and plaintiff is entitled to deduction of these amounts in computing its taxable net income for the said years.

XIII.

During the year 1938 plaintiff owned certain buildings which it used in connection with its business as bank premises. The reasonable allowance for the depreciation of said buildings during the year 1938 was $368,953.22. In its income tax return for the year 1938 plaintiff took a deduction for the depreciation of only $318,743.70 whereas it was entitled to take and should have taken a deduction for the depreciation of said buildings in the amount of $368,953.22. As the result of its failure to deduct the full amount of the depreciation which was allowable for said buildings, plaintiff inadvertently and erroneously overstated its net income for the year 1938 by the amount of $50,-

209.52 and overstated its income tax liability for the year 1938 by the amount of $8,284.57. In redetermining plaintiff's net income and tax liability for the year 1938, as aforesaid, the Commissioner of Internal Revenue made no adjustment in the deduction of $318,743.70 taken for depreciation of bank premises.

XIV.

On March 14, 1942 the plaintiff made and filed its written claim for refund of income taxes for the calendar year 1938 in the amount of $115,000.00 or such greater amount as is legally refundable. On April 25, 1942 the plaintiff made and filed a further written claim for refund of income taxes overpaid by it for the calendar year 1938 in the amount of $273,620.46, or such greater amount as is legally refundable, and in said claim plaintiff incorporated by reference the earlier claim filed as hereinbefore stated. Said claims were filed with defendant by the filing of them with the then Collector of Internal Revenue [8] of the said First District of California according to the provisions of the law in that regard and the regulations of the Secretary of the Treasury established in pursuance thereof. Plaintiff alleged in said claims the same contention, grounds and facts as hereinbefore alleged, as well as other contentions not included in the subject matter of this proceeding. Of the total amount of refund claimed, an amount of $54,382.97 is applicable to the cause of action presented herein. Copies of said claims are attached to the original Complaint filed herein as Exhibits A

and B and are by this reference hereby made a part hereof the same as though fully set forth herein. The said refund claims were rejected on April 4, 1944 by the defendant through the Commissioner of Internal Revenue. Copy of the notice of rejection is attached to the original Complaint herein as Exhibit C and is by this reference made a part hereof the same as though fully set forth herein.

XV.

No part of the total tax collected from plaintiff by defendant, as aforesaid, as income taxes for the calendar year 1938, has been repaid or refunded, and $54,382.97 of the amounts collected, together with interest thereon from the dates of payment thereof, is due and owing from defendant to plaintiff.

XVI.

That no other action has been had on said refund claims (or either of them) here sued upon, in Congress or any department of the Government or any Court; that plaintiff is the sole owner of said claim here sued upon and is therefore justly entitled to the amount herein claimed from said defendant.

XVII.

The Commissioner of Internal Revenue at all times mentioned in this proceeding and in all actions taken by him directly or through his agents, as described in this proceedings, was acting [9] as an officer of the United States, duly qualified and appointed to act for and on behalf of the United States.

Second Cause of Action

For another, further and second cause of action herein, plaintiff alleges:

I.

Plaintiff realleges all of paragraph I, II, III, VI, VII, VIII, IX, X, XI, XVI and XVII of the first cause of action herein and makes the same a part of this second cause of action, the same as if fully set forth herein.

II.

Plaintiff duly filed its income tax return for the calendar year 1939, reporting thereon a net income of $10,006,392.07 and a tax of $562,447.33, which tax was duly paid to the said Clifford C. Anglim, the then Collector of Internal Revenue for the First District of California.

In 1942 the Commissioner of Internal Revenue investigated plaintiff's tax return and made certain adjustments of said tax return, increasing plaintiff's net income for said year 1939 to $10,592,673.48. As the result of these adjustments the Commissioner of Internal Revenue determined plaintiff's tax liability for said year to be $659,924.79, indicating a deficiency in tax due from plaintiff of $97,-477.46. This tax deficiency, together with interest thereon in the amount of $11,514.35, was assessed by the Commissioner of Internal Revenue against the plaintiff in March, 1942, and was paid by plaintiff to the said Clifford C. Anglim, the then Collector of Internal Revenue, on March 17, 1942.

tax deficiency, and paid it, plaintiff reserved the right to contest the adjustments made by the Commissioner of Internal Revenue, and specifically the depreciation adjustment, and reserved the right to file claim [10] for refund for any tax which it might have overpaid for said year 1939.

III.

One of the adjustments made by the Commissioner of Internal Revenue as the result of his investigation of plaintiff's tax return as aforesaid, was the disallowance of $275,267.78 of the deduction claimed by plaintiff as depreciation on its furniture and fixtures used in its business. Plaintiff had claimed a deduction on its return for said depreciation of $694,986.26 and the Commissioner allowed $419,718.48, disallowing the difference of $275,-267.78, as aforesaid.

IV.

The reasonable allowance for depreciation on plaintiff's furniture and fixtures for the year 1939 is at least $694,986.26 and plaintiff is entitled to deduction of these amounts in computing its taxable net income for the said years.

V.

During the year 1939 plaintiff owned certain buildings which it used in connection with its business as bank premises. The reasonable allowance for the depreciation of said buildings during the year 1939 was $340,338.96. In its income tax return for the year 1939 plaintiff took a deduction

for the depreciation of only $309,357.10 whereas it was entitled to take and should have taken a deduction for the depreciation of said buildings in the amount of $340,338.96. As the result of its failure to deduct the full amount of the depreciation which was allowable for said buildings, plaintiff inadvertently and erroneously overstated its net income for the year 1939 by the amount of $30,-981.86 and overstated its income tax liability for the year 1939 by the amount of $5,112.01. In redetermining plaintiff's net income and tax liability for the year 1939, as aforesaid, the Commissioner of [11] Internal Revenue made no adjustment in the deduction of $309,357.10 taken for depreciation of bank premises.

VI.

On April 25, 1942 plaintiff made and filed its written claim for refund of income taxes overpaid by it for the calendar year 1939 in the amount of $97,477.46 or such greater amount as is legally refundable. Said claim was filed with defendant by the filing thereof with the then Collector of Internal Revenue of said First District of California, according to the provisions of law in that regard and the regulations of the Secretary of the Treasury established in pursuance thereof. Plaintiff alleged in said claim, as the basis thereof, the same grounds and facts as hereinbefore alleged. Of the total amount of refund claimed, the amount of $50,531.19 is applicable to the cause of action presented herein. A full, true and correct copy

of said claim is attached to the original Complaint filed herein as Exhibit D and is by this reference hereby made a part hereof the same as though fully set forth herein. The said refund claim was rejected by the defendant on April 4, 1944 through the Commissioner of Internal Revenue. Copy of the notice of rejection is attached to the original Complaint herein as Exhibit C and is by this reference made a part hereof the same as though fully set forth herein.

VII.

No part of the total tax collected from plaintiff by defendant, as aforesaid, as income taxes for the year 1939, has been repaid or refunded, and $50,531.19 of the amounts collected, together with interest thereon from the dates of payment thereof, is due and owing from defendant to plaintiff.

Wherefore, plaintiff prays that it have and recover from defendant the sum of $54,382.97 as income taxes erroneously and illegally collected from it for the year 1938, the sum of [12] $50,531.19 as income taxes erroneously and illegally collected from it for the year 1939, together with interest on said sums as provided by law, costs of suit herein, and such other and further relief as the Court may deem proper in the premises.

/s/ GEORGE H. KOSTER,
Attorney for Plaintiff.

Of Counsel:
BAYLEY KOHLMEIER,
300 Montgomery Street,
San Francisco, California.

State of California,
City and County of San Francisco—ss.

R. P. A. Everard, being first duly sworn, deposes and says:

That he is an officer, to wit, Vice-President and Cashier of Bank of America National Trust and Savings Association, plaintiff herein; that he has read the foregoing complaint and knows the contents thereof; and that the same is true of his own knowledge, except as to matter therein stated upon information and belief, and as to those matters he believes it to be true.

R. P. A. EVERARD.

Subscribed and sworn to before me this 25th day of October, 1945.

[Seal] JOHN F. BURNS,
Notary Public in and for the City and County of San Francisco, State of California.

My Commission Expires April 12, 1949.

[Endorsed]: Filed Nov. 27, 1945. [13]

[Title of District Court and Cause.]

ANSWER TO AMENDED COMPLAINT

The defendant, United States of America, comes now by its attorney, Frank J. Hennessy, United States Attorney for the Northern District of California, and for answer to the amended complaint aver as follows:

As to First Cause of Action

I.

Admits the allegation that this action arises under the Internal Revenue laws of the United States and that it is brought under the provisions of Section 24 of the Judicial Code, 28 U.S.C., 1940 ed. Sec. 41 (20) for the recovery of income taxes paid, but denies the other allegations contained in paragraph I of the amended complaint.

II.

Admits the allegations contained in paragraph II of the amended complaint. [14]

III.

For answer to the allegations contained in paragraph III of the amended complaint defendant admits that the taxes herein sought to be recovered were paid to Clifford C. Anglin, the then Collector of Internal Revenue for the First District of California and the said Clifford C. Anglin was no longer in office as Collector of Internal Revenue when this action was begun; and denies all other allegations in said paragraph.

IV.

The allegations contained in paragraph IV of the amended complaint are admitted.

V.

The allegations contained in paragraph V of the amended complaint are admitted.

VI.

For answer to the allegations contained in paragraph VI of the amended complaint the defendant admits and/or avers as follows:

(a) That prior to December 31, 1931, plaintiff had been deducting on its income tax returns the same amount of depreciation which it had charged off on its books as to furniture and fixtures; (b) that for each of the years 1932 to 1935, inclusive, plaintiff deducted on its income tax returns for depreciation on its furniture and fixtures amounts in excess of the amounts charged off upon its books annually as depreciation upon the same properties; (c) that plaintiff did likewise for each of the years 1936 and 1937; (d) that plaintiff on its income tax returns for the years 1938 and 1939 now in question deducted the same amount of depreciation on furniture and fixtures as was charged off on its books for those two years; and (e) that defendant is without knowledge or information sufficient to form a belief as to the truth of the other averments contained in said paragraph of the amended complaint. Defendant avers that the deductions

claimed on plaintiff's returns for the years 1938 and 1939 are excessive as it more fully pointed out hereinafter. [15]

VII.

Defendant admits the allegations contained in paragraph VII of the amended complaint but denies that the Commissioner failed to allow reasonable and sufficient deductions for depreciation of furniture and fixtures of the plaintiff for either of said taxable years 1938 and 1939 when all of the factors properly entered into the computation of said depreciation deductions are taken into consideration.

VIII.

Defendant admits the allegations contained in paragraph VIII of the amended complaint.

IX.

The defendant denies the allegations contained in paragraph IX of the amended complaint except it admits that the Commissioner of Internal Revenue changed the rate of depreciation used by plaintiff for the years 1938 and 1939 now in question and also for the years 1936 and 1937 (if this latter fact be material) and also admits that the Commissioner made no adjustment to the depreciation bases of plaintiff's furniture and fixtures to restore to their residual value as of July 31, 1935, any depreciation claimed on its returns and allowed by the Commissioner for the years 1932 to 1935, inclusive.

X.

For answer to the allegations contained in paragraph X of the amended complaint defendant (a) admits and avers that the Commissioner of Internal Revenue ruled in his audit of plaintiff's income tax returns for the years 1936-1939, inclusive, that plaintiff was not entitled to have restored to the residual value or base of plaintiff's furniture and fixtures as of December 31, 1935 any amount claimed in his tax returns and allowed by the Commissioner as deductions for depreciation upon furniture and fixtures for any prior tax years 1932-1935, even though such deductions claimed and allowed for those years exceeded the amounts of depreciation as to furniture and fixtures charged off upon the plaintiff's books for the same years; (b) admits that under the Commissioner's revised depreciation schedule, allowances of depreciation for furniture and fixtures were made by the Commissioner in [16] his final determination in the sums of $380,762.15 for the year 1938 and $419,-718.48 for the year 1939; (c) denies that this defendant is in any way bound by any depreciation schedules prepared by subordinates of the Commissioner which the Commissioner refused to approve or accept as his final determination in the matter; (d) denies that such schedules prepared by the Commissioner's subordinates to the extent that they were disapproved by the Commissioner are either relevant or material; and (e) denies that the final allowances of depreciation as approved by the Commissioner are either erroneous, inadequate

or fail in any way to meet the applicable statutory requirement for reasonable allowance of depreciation with respect to property used in plaintiff's business under all of the facts and circumstances of the particular case. Defendant is without knowledge or information sufficient to form a belief as to the other allegations contained in paragraph X of the amended complaint.

XI.

Defendant denies the allegations contained in paragraph XI of the amended complaint.

XII.

Defendant denies the allegations contained in paragraph XII of the amended complaint.

XIII.

The allegations contained in paragraph XIII of the amended complaint are denied except it is admitted that: During the year 1938 plaintiff owned certain buildings which it used in connection with its business as bank premises. In its income tax return for the year 1938 plaintiff took a deduction for depreciation (on such buildings) of only $318,-743.70. In redetermining plaintiff's net income and tax liability for the year 1938, the Commissioner of Internal Revenue made no adjustment in the deduction of $318,743.70 later for depreciation of bank premises.

XIV.

Defendant admits the allegations contained in paragraph XIV of the amended complaint. [17]

XV.

Defendant denies the allegations contained in paragraph XV of the amended complaint except that it is admitted that no part of the income tax collected from plaintiff by defendant for the year 1938 has been refunded or repaid to plaintiff.

XVI.

Defendant denies the allegations contained in paragraph XVI of the amended complaint except that it is admitted that no other action (other than rejection of the claim for refund by the Commissioner of Internal Revenue) has been had on plaintiff's refund claims for the year 1938 (on either of them), either in Congress or in any department of the government or in any court.

For further answer to paragraph XVI of the amended complaint defendant avers (a) that on March 21, 1940, the Commissioner of Internal Revenue issue a statutory notice proposing to assess certain deficiencies with respect to plaintiff's income tax returns for the years 1936 and 1937; (b) that said proposed deficiency assessments for these two years prior to the period now in controversy were based in part upon the Commissioner's readjustment of the residual value of plaintiff's furniture and fixtures as of December 31, 1935 for the purpose of computing depreciation allowances thereon subsequent to said date, the propriety of which adjustments of plaintiff's same depreciation bases has been put in question by plaintiff in this

proceeding; (c) that in June, 1940, plaintiff filed a petition with the United States Board of Tax Appeals (now United States Tax Court) for a redetermination of said deficiencies, which petition was docketed by that tribunal under its number 103396; (d) that in said petition for redetermination of its 1936 and 1937 income tax liability the plaintiff challenged the propriety of both the recomputation of its depreciation bases as of December 31, 1935, and determination of the period of useful life of said properties as used by the Commissioner in computing the deduction for depreciation upon furniture and fixtures for the years 1936 and 1937; (e) that [18] the Commissioner in his answer denied the existence of any error, impropriety or inadequacy in his recomputation of plaintiff's depreciation bases as of December 31, 1935 or otherwise entering into his allowance of deductions for depreciation upon plaintiff's furniture and fixtures for the years 1936 and 1937; (f) that said proceeding was by stipulation of the parties disposed of by the Tax Court of the United States entering on August 31, 1946, a determination "That there are deficiencies in income tax of $260,709.60 and $2,325.09 for the years 1936 and 1937"; (g) that such final determination entered by the Tax Court of the United States is binding and conclusive to the extent that the same questions of fact and issues of law are material to the determination herein of plaintiff's disputed depreciation deductions upon furniture and fixtures for the years

1938 and 1939 with respect to the residual value on depreciation bases of plaintiff's furniture and fixtures as of December 31, 1935 and the remaining period of useful life of said assets as of that date for the purpose of determining the bases of depreciation for the years 1936 and 1937 recognized by the Tax Court of the United States pursuant to its order of August 31, 1945.

XVII.

Defendant admits the allegations contained in paragraph XVII of the amended complaint.

As to the Second Cause of Action

For answer to plaintiff's second cause of action defendant avers:

I.

For answer to paragraph I of the second cause of action in which plaintiff realleges all of paragraphs I, II, III, VI, VII, VIII, IX, X, XI, XVI and XVII of the first cause of action herein defendant realleges, admits, denies, or explains same as set forth in the corresponding paragraphs of its answer to plaintiff's first cause of action as fully and completely as if fully set forth herein.

II.

Defendant admits the allegations contained in paragraph II of the second cause of action in the amended complaint.

III.

Defendant admits the allegations contained in paragraph III of the second cause of action in the amended complaint.

IV.

Defendant denies the allegations contained in paragraph IV of the second cause of action in the amended complaint.

V.

The allegations contained in paragraph V of the second cause of action in the amended complaint are denied except it is admitted that: During the year 1939 plaintiff owned certain buildings which it used in connection with its business as bank premises. In its income tax return for the year 1939 plaintiff took a deduction for the depreciation of $309,357.10. In redetermining plaintiff's net income and tax liability for the years 1939, the Commissioner of Internal Revenue made no adjustment in the deduction of $309,357.10 taken for depreciation of bank premises.

VI.

Defendant admits the allegations contained in paragraph VI of the second cause of action in the amended complaint.

VII.

Defendant denies the allegations contained in paragraph VII of the second cause of action in the

amended complaint except that it is admitted that no part of the sum of $97,477.46 collected from plaintiff by defendant as 1939 income tax has been repaid or refunded to plaintiff.

* * * * * * *

For further answer to both causes of action in the amended complaint defendant denies specifically that the allowances made in the Commissioner's final determination of plaintiff's deductions for depreciation of its buildings, furniture and fixtures for the years 1938 and 1939 are either erroneous or inadequate, and denies all allegations in the amended complaint not hereinbefore specifically denied, admitted or explained; and denies further that it is indebted to plaintiff in any amount whatever with respect to the matters herein complained of.

Wherefore, defendant demands judgment dismissing the amended complaint herein and for its lawful costs and disbursements in this action.

Dated at San Francisco, December ....., 1945.

FRANK J. HENNESSY,
United States Attorney.

By /s/ WILLIAM E. LICKING.

[Endorsed]: Filed Dec. 12, 1945. [21]

[Title of District Court and Cause.]

STIPULATION OF FACTS No. 1

It Is Hereby Stipulated and Agreed by and between the parties hereto, through their respective counsel, that the following facts shall be taken as true, provided, however, that this stipulation shall be without prejudice to the rights of either party to introduce other and further evidence not inconsistent with the facts herein stipulated to be taken as true and to object at the trial of this case to any of the facts stipulated as being irrelevant or immaterial.

1. After a tax return is filed with the office of the Collector of Internal Revenue, it is forwarded to the Bureau of Internal Revenue at Washington, D. C. (office of the Commissioner of Internal Revenue), where it is recorded; and [22] where the return shows large amounts of gross income as the tax returns of the Bank of America N. T. & S. A., it is sent to the office of the Internal Revenue Agent in Charge in the districts in which the principal office of the taxpayer is located, which, in the case of the Bank of America N. T. & S. A., is in San Francisco, California.

2. The office of the Internal Revenue Agent in Charge will survey the return and either send it back to the Bureau of Internal Revenue, hereinafter referred to as "Bureau," or have it examined and audited by an Internal Revenue Agent.

3. There is no statutory provision authorizing the filing of amended returns. As a matter of prac-

tice, when amended returns are filed by any taxpayer, such returns are considered to any extent appropriate to a correct determination of the taxpayer's liability within the statutory period of limitation; or the Bureau will effect the correction through the audit of the return by the Internal Revenue Agent's Office, as hereinafter explained.

4. Under the so-called decentralization procedure, effective on and after July 1, 1938, for auditing tax returns, it is the duty of the Internal Revenue Agent's Office to (a) examine and audit the return, (b) determine the facts regarding any items reported on the return, (c) propose adjustments to correct any items erroneously reported, (d) to issue preliminary audit and deficiency letters in the name of the Commissioner of Internal Revenue under Section 272(a)(1) of the Internal Revenue Code and (e) to perform such other duties as may be delegated to it by the Commissioner of Internal Revenue.

5. It is the general procedure since 1938 that when a tax return assigned to an Internal Revenue Agent for audit involves [23] a large deduction for depreciation, an Engineer Revenue Agent attached to the Agent's Office, may investigate the deduction and prepare a report, giving the facts involved as to the basis, rates, and other factors to be considered in the computation of the depreciation allowance, and make recommendations as to the correction of any improper depreciation deduction. A report of the Engineer Revenue Agent must then be sent to the Engineering and Valuation Division of the

Bureau for review. The Engineering and Valuation Division ordinarily accepts the facts as reported by the Engineer Revenue Agent as a basis for review and will either accept the report or recommend changes where they take exception to the Engineer's conclusion or application of the law. When an Engineer Revenue Agent's report is finally approved, it is transmitted to the Internal Revenue Agent to whom the return is assigned for audit and he proceeds with the general audit of the return.

6. It is the general practice that when a tax return shows a large loss and an Internal Revenue Agent proceeds far enough in his audit to develop the fact that no tax liability exists for the period then under examination, the agent submits a report to the Internal Revenue Agent in Charge to that effect.

The report and the return after review and approval of the report in the office of the Internal Revenue Agent in Charge are transmitted to the Bureau with a recommendation that the return be accepted as filed. The taxpayer is not given copies of the report and recommendation.

6a. If at any time within the applicable statute of limitations adjustments may be developed which might overcome the loss, the Internal Revenue Agent may reaudit the [24] case and make all proper adjustments. Also, if at any later date the net loss should become important as a net loss carry-over under Section 122 of the Internal Revenue Code, the Internal Revenue Agent may reaudit the return and make all proper corrections, including

the correction of the depreciation deduction, to determine the correct net loss for the year.

7. If the Agent in his audit proposes any adjustment to correct alleged errors in the return, and proposes a tax as a result thereof, a report of his findings is given to the taxpayer. If the taxpayer and the Agent cannot agree as to the correctness of the proposed adjustments, the Internal Revenue Agent in charge is authorized to, and does, issue in the name of the Commissioner of Internal Revenue a deficiency letter under the provisions of Section 272(a) of the Internal Revenue Code, and this occurs usually before there is any submission of the case to the Bureau. After the deficiency letter is issued the taxpayer may request a review by another division of the Bureau of Internal Revenue, known as the Technical Staff, which has authority to make a final closing of the case in behalf of the Commissioner of Internal Revenue, or the taxpayer may appeal to The Tax Court of the United States, or the taxpayer may pay the proposed tax, file claim for refund and upon its rejection, sue for refund in the Federal courts.

8. If the taxpayer and the Agent agree upon his proposed adjustments, the files, which consist of the tax return, the Agent's report, the Engineer Revenue Agent's report, if one was made, and other papers pertinent to the case, if any, other than the Agent's working papers, after approval in the Office of the Internal Revenue Agent in Charge, are

transmitted to the Bureau for review, known as "post-review." [25]

9. Under the decentralization procedure of auditing tax returns, the Bureau's duties are primarily (a) maintaining uniformity of practice in field divisions throughout the country by the issuance of office orders, memoranda, manuals of direction, and letters of advice in particular instances, by the organization within the Bureau of special divisions to pass upon and give advice to the field offices on special questions such as the organization of the Engineering and Valuation Division to pass upon questions involving depreciation. and (b) the post-review of cases transmitted from the Field Agent's Offices.

10. Post-review is conducted by Audit Review Division E of which Mr. J. W. Carter is the Head, being the Division which reviews cases coming from the California Agents' Offices.

11. The Bureau expects the Revenue Agents to agree with the taxpayers and their representatives in a substantial number of cases, and the practice and policy in Washington is not to disturb those settlements when, in the judgment of the reviewing officers in the Bureau, it is possible to pass them. In other words, it is the purpose of the review in Washington to approve Revenue Agents' findings and conclusions whenever possible, having deference for the law.

12. When cases referred to in paragraph 6

hereof are received by the Bureau for post-review, they are reviewed, and if approved, they are sent to the closed files.

13. If upon review the Agent's adjustments are questioned, the case is returned to the Agent with suggestions for action considered appropriate by the Bureau and the Agent may follow these suggestions or submit further data in support of his original report but final decision rests with the Bureau's reviewing officers. [26]

14. Post-review by the Audit Review Division, of depreciation deductions or adjustments, is controlled by the recommendation of the Engineering and Valuation Division of the Bureau as reflected in the report of the Engineer Revenue Agent.

15. The Internal Revenue Agent in Charge is an authorized representative of the Commissioner of Internal Revenue and excepting as his actions are modified or rejected by the Bureau they constitute the acts of the Commissioner of Internal Revenue.

16. The consolidated income tax returns of Transamerica Corporation which included the returns of Bank of America N. T. & S. A., an affiliated company, for the years 1930 to 1933, inclusive, were examined by Internal Revenue Agents assigned to the Office of the Internal Revenue Agent in Charge at San Francisco, California, and the returns were transmitted by the Internal Rev-

enue Agent in Charge to the Bureau with the recommendation that the returns be accepted as filed. The procedure outlined in paragraph 6 hereof was followed in the examination of these returns.

17. When the said consolidated returns were received by the Bureau they were reviewed, accepted and sent to closed file.

18. The income tax return of Bank of America N. T. & S. A. for the year 1934 was examined by an Internal Revenue Agent attached to the Office of the Internal Revenue Agent in Charge at San Francisco. The return was transmitted by the Internal Revenue Agent in Charge to the Bureau with the recommendation that the return be accepted as filed. The procedure outlined in paragraph 6 hereof was followed in the examination of that return.

19. When the said return was received by the Bureau, it was reviewed, accepted and sent to closed files.

20. The income tax returns of Bank of America N. T. & S. A. for the years 1935 and 1936, which both showed net losses, were in 1937 and 1938 audited by Internal Revenue Agents attached to the office of the Internal Revenue Agent in Charge, San Francisco, California. The returns were transmitted by the Internal Revenue Agent in Charge to the Bureau with the recommendations that the returns be accepted as filed. The procedure outlined in paragraph 6 hereof was followed in the examination of these returns.

21. When the said returns for 1935 and 1936 were received by the Bureau, they were reviewed, accepted and sent to closed files.

21a. No other action than herein stated has ever been taken by the Commissioner of Internal Revenue with respect to the tax returns of the Bank for the years 1930 to 1935, inclusive.

22. In June, 1939, and after the said return for the year 1936 had been sent to closed files as stated in the foregoing paragraph hereof, the Internal Revenue Agent in Charge at San Francisco, California, reaudited the said 1936 return in connection with the audit of the plaintiff's 1937 tax return and found sufficient adjustments which, with the correction of the depreciation deduction, overcame the reported loss and resulted in a tax for the year 1936. In March, 1940, upon failure of the Agent and the taxpayer to agree on all the adjustments, the Internal Revenue Agent in Charge sent, in the name of the Commissioner of Internal Revenue, to the taxpayer, a deficiency notice pursuant to Section 272(a) of the Internal Revenue Code showing a substantial tax. The taxpayer appealed to the Tax Court. This reaudit of the 1936 return did not come to the Bureau until 1945 when the proceeding before the Tax Court was settled by stipulation. While the said proceeding was pending before the Tax Court, the returns for 1936, 1937, 1938, and 1939 were referred to the Engineer Revenue Agent for investigation of the depreciation deductions and

the compilation of revised depreciation schedules upon the basis of which the correct depreciation allowance could be determined.

23. After about a year of work in the compilation of revised depreciation schedules mutually satisfactory to the Engineer Revenue Agent and the Bank, the Engineer Revenue Agent transmitted his report of his investigation, his work and the proposed adjustment of depreciation which would result therefrom, through the Engineering and Valuation Division to the Bureau. The Bureau rejected the said report and schedules and instructed the Engineer Revenue Agent to revise his report. In accordance with procedure providing therefor, the Internal Revenue Agent in Charge at San Francisco and the Engineer Revenue Agent submitted further data in support of the said report and schedules but the Bureau adhered to its position. The Engineer Revenue Agent thereupon revised his report accordingly and made the depreciation adjustments which are the subject of dispute.

24. The Bureau, in its instructions referred to in the previous paragraph hereof, in accordance with I. T. 2944 (XIV-2 Cum. Bull. (1935) p. 126) ruled that the depreciation deducted by the Bank of America N. T. & S. A. on its tax returns for all years prior to 1936 had been allowed by the Commissioner of Internal Revenue, and that the basis for depreciation of the Bank's depreciable property as of January 1, [29] 1936, should be the cost re-

duced by the depreciation deducted on the tax returns for all years prior to 1936, and that a greater basis as proposed in the report of the Engineer Revenue Agent would not be permitted or allowed.

25. Neither the Audit Review Section nor the Engineering and Valuation Division has given any consideration to the amended returns filed by the Bank of the years 1932 to 1935, in April 1945, correcting the depreciation deductions taken on the original returns for those years.

Executed this 9th day of April, 1946.

/s/ GEORGE H. KOSTER,
Attorney for Plaintiff.

/s/ FRANK J. HENNESSY,
United States Attorney,

/s/ WILLIAM E. LICKING,
Asst. United States Attorney,

/s/ FRANK J. READY,
Special Assistant to the
Attorney General,

/s/ RUPPERT BINGHAM,
Special Assistant to the
Attorney General,

Attorneys for Defendant.

[Endorsed]: Filed April 9, 1946. [30]

[Title of District Court and Cause.]

STIPULATION OF FACTS No. 2

It Is Hereby Stipulated and Agreed by and between the parties hereto, through their respective counsels, that in addition to the facts admitted by the pleadings, the following facts shall be taken as true, provided, however, that this stipulation shall be without prejudice to the rights of either party to introduce other and further evidence not inconsistent with the facts herein stipulated to be taken as true and to object at the trial of this case to any of the facts stipulated as being irrelevant or immaterial.

(1) This action arises under the Internal Revenue laws of the United States; it is brought pursuant to the provisions of Section 24 (Twentieth) of the Judicial Code, U.S.C., 1940 Ed. [31] Title 28, Sec. 41(20) for the recovery of income taxes collected from the plaintiff for the calendar years 1938 and 1939.

(2) The plaintiff is a national banking association organized and existing under and by virtue of the laws of the United States of America. Its principal place of business is in the City and County of San Francisco, State of California, and in the Northern District of California, Southern Division. It operates a branch banking system, having about 500 branches throughout the State of California, and a branch in London, England.

(3) All of the income taxes involved in this proceeding were collected from the plaintiff by defend-

ant through its agent, Clifford C. Anglim, the then Collector of Internal Revenue for the First District of California. The said Clifford C. Anglim was no longer in office as Collector of Internal Revenue at the time this action was commenced.

(4) On March 14, 1942, the plaintiff made and filed its written claim for refund of income taxes for the calendar year 1938 in the amount of $115,000.00 or such greater amount as is legally refundable. On April 25, 1942, the plaintiff made and filed a further written claim for refund of income taxes paid by it for the calendar year 1938 in the amount of $273,620.46, or such greater amount as is legally refundable, and in said claim plaintiff incorporated by reference the earlier claim filed, as hereinbefore stated. On April 25, 1942, plaintiff made and filed its written claim for refund of income taxes paid by it for the calendar year 1939 in the amount of $97,477.46 or such greater amount as is legally refundable. Said claims were filed with defendant by the filing of them with the then Collector of Internal Revenue of the said First District of California. Plaintiff alleged in said claims the same grounds for recovery relied upon in this action, as well as other contentions not included in the subject matter of this proceeding. Said claims were rejected by the Commissioner of Internal Revenue on April 4, 1944.

The amount of refund claimed in the refund claims for the years 1938 and 1939 include the amounts sought to be recovered in this proceeding as alleged overpayments of taxes for the years 1938 and 1939, respectively. The claims attached to the

original complaint herein, as Exhibits A, B, and D are true copies of the refund claims filed by the plaintiff.

(5) No part of the total taxes collected from plaintiff by the defendant, as income taxes for the calendar years 1938 and 1939 have been repaid or refunded to the plaintiff.

(6) Plaintiff filed its income tax return for the calendar year 1938, reporting thereon a net income of $12,085,924.40 and a tax of $697,171.74 which tax was paid in equal quarterly installments to the said Clifford C. Anglim, the then Collector of Internal Revenue for the First District of California. Copy of said return is attached hereto as Exhibit 1.

In 1942 the Commissioner of Internal Revenue audited plaintiff's tax return and made certain adjustments of said tax return, increasing plaintiff's net income for said year 1938 to $13,044,356.88. As a result of these adjustments the Commissioner of Internal Revenue determined plaintiff's tax liability for said year to be $855,792.20, indicated a deficiency in tax due from plaintiff of $158,620.46. This tax deficiency, together with interest thereon in the amount of $28,254.00, was assessed by the Commissioner of Internal Revenue against the plaintiff in March, 1942, and was paid by plaintiff to the said Clifford C. Anglim, the then Collector of Internal Revenue, on March 17, 1942. Though plaintiff agreed to the assessment of this tax deficiency, and paid it, plaintiff reserved the right to contest the adjustments made by the Commissioner of Internal Revenue, and specifically the [33] depreciation ad-

justment, and reserved the right to file claim for refund for any tax which it might have overpaid for said year 1938.

(7) Plaintiff filed its income tax return for the calendar year 1939, reporting thereon a net income of $10,006,392.07 and a tax of $562,447.33, which tax was paid in equal quarterly installments to the said Clifford C. Anglim, the then Collector of Internal Revenue for the First District of California. Copy of said return is attached hereto as Exhibit 2.

In 1942 the Commissioner of Internal Revenue audited plaintiff's tax return and made certain adjustments of said tax return, increasing plaintiff's net income for said year 1939 to $10,592,673.48. As a result of these adjustments the Commissioner of Internal Revenue determined plaintiff's tax liability for said year to be $659,924.79, indicating a deficiency in tax due from plaintiff of $97,477.46. This tax deficiency, together with interest thereon in the amount of $11,514.35, was assessed by the Commissioner of Internal Revenue against the plaintiff in March, 1942, and was paid by plaintiff to the said Clifford C. Anglim, the then Collector of Internal Revenue, on March 17, 1942. Plaintiff waived any right of appeal to the United States Board of Tax Appeals, consented to the immediate assessment of deficiencies of tax in the amounts just named, and paid assessments made accordingly, reserving its right to contest the validity of those deficiencies by suit for refund.

Copy of the report of the Internal Revenue Agent in Charge of the audit of plaintiff's tax returns for

1938 and 1939 and upon the basis of which the Commissioner of Internal Revenue made his assessments of the additional taxes referred to above for the years 1938 and 1939 is attached hereto as Exhibit 3.

(8) One of the adjustments made by the Commissioner of Internal Revenue, as the result of his audit of plaintiff's tax [34] returns as aforesaid, was the disallowance of part of the deduction taken by plaintiff on the returns as depreciation on its furniture and fixtures used in its business. The total of the amounts of depreciation on furniture and fixtures charged off by plaintiff on its books and taken as a deduction on its tax returns, and the amounts allowed by the Commissioner of Internal Revenue, and disallowed, for each of the years 1938 and 1939 were respectively as follows:

	1938	1939
Furniture and fixtures depreciation deduction claimed	$660,146.37	$694,986.26
Furniture and fixtures depreciation deduction allowed	380,762.15	419,718.48
Furniture and fixtures depreciation deduction disallowed	279,384.22	275,267.78

(9) The Commissioner of Internal Revenue determined in the course of his audit for 1936 and 1937 that as of December 31, 1935, all furniture and fixtures then on hand had a ten year life from that date. He later determined in the course of his audit for 1938 and 1939 that as of December 31, 1937, the life of these same fixtures was redetermined to be ten years after December 31, 1937. He further determined for the audit for all four years 1936 to

1939, that the life of all new furniture and fixtures acquired after December 31, 1935, had a useful life of 16⅔ years after date of acquisition. In applying this determination the Commissioner of Internal Revenue made the following computations:

(i) He took the residual value (cost less accumulated depreciation) as of December 31, 1935, of furniture and fixtures on hand on that date as that value was reflected on plaintiff's original tax return for the year [35] 1935, and then took one-tenth thereof as the depreciation allowance thereon for each of the years 1936 and 1937. He then deducted the aggregate of the depreciation allowances so computed for the years 1936 and 1937 from the said residual value as of December 31, 1935, and thus computed the residual value as of December 31, 1937. He then took one-tenth of that residual value as the depreciation allowance thereon for each of the years 1938 and 1939.

(ii) On furniture and fixtures acquired after December 31, 1935, he applied an annual rate of depreciation of 6% of the cost thereof excepting for the year of acquisition, in which year he allowed depreciation at the rate of 3%.

(10) On March 21, 1940, the Commissioner of Internal Revenue determined tax deficiencies against the plaintiff for the years 1936 and 1937. The deficiency letter, copy of which is attached hereto as Exhibit 4, shows that the Commissioner of Inter-

nal Revenue allowed depreciation on furniture and fixtures on the basis described in the preceding paragraph hereof as follows:

	1936	1937
As taken on return	$845,024.08	$884,399.58
As revised by Commissioner of Internal Revenue	352,783.11	394,804.33
Disallowed	$492,240.97	$489,595.25

Plaintiff appealed to the United States Tax Court, but in a settlement of the many issues involved in that case the plaintiff abandoned its contentions with respect to the disallowance of depreciation, with the understanding, however, that the settlement of the case was to be without prejudice to either party as to any issue involved in the determination of plaintiff's tax liability for subsequent years.

(11) Prior to and during the period January 1, 1930, to July 30, 1937, Transamerica Corporation owned, directly or indirectly practically all of the outstanding capital stock of the plaintiff bank.

(12) Plaintiff's income and deductions for the calendar years 1930, 1931, 1932 and 1933 were reported and included in the original consolidated income tax returns of Transamerica Corporation. Those returns disclosed net losses in the amounts of $1,938,812.43, $33,931,911.99, $29,469,157.12 and $19,577,679.54, respectively, and included in said losses were the net losses for the plaintiff bank in the amounts of $8,642,301.24, $8,065,890.14, $12,047,-167.29 and $10,827,436.79, respectively. In said

losses of the bank were included depreciation deductions of $1,725,195.71, $2,860,524.86, $1,947,819.34, and $1,698,146.84, respectively. Copies of certain portions of said consolidated income tax returns for the years 1930, 1931, 1932 and 1933 are attached hereto as Exhibits 5, 6, 7 and 8, respectively.

On or about April 21, 1945, Transamerica Corporation executed and filed amended consolidated returns for said years 1932 and 1933, copies of which returns are attached hereto as Exhibits 9 and 10, respectively, changing the depreciation deduction reported for the plaintiff bank to reflect only the amount of depreciation charged off by the plaintiff on its books, and reducing the net loss of the Bank and also the consolidated net loss for each of said years, by the excess of the depreciation taken on the original return over the amount charged off by the plaintiff on its books in each of said years.

(13) Plaintiff reported net losses on its original income tax returns for the years 1934 and 1935 in the amounts of $14,267,429.28 and $11,665,034.70, respectively, and deducted [37] depreciation on said returns in amounts of $1,620,826.23 and $1,546,-767.79 respectively. Copies of plaintiff's original returns for 1934 and 1935 are attached hereto as Exhibits 11 and 12 respectively. On April 21, 1945, plaintiff filed amended returns for said years 1934 and 1935, copies of which amended returns are attached hereto as Exhibits 13 and 14, respectively, changing the depreciation deduction reported on the original returns to the amount of depreciation charged off by the plaintiff on its books, and re-

ducing the net loss of the plaintiff for each of said years by the excess of the depreciation taken on the original return over the amount charged off in each of said years.

(14) There is attached hereto a schedule marked Exhibit 15, showing as to the Banking premises (buildings), furniture and fixtures owned by plaintiff the following:

> (i) Cost at the end of each of the calendar years 1930 to 1939, inclusive, as disclosed by the plaintiff's books and records and its income tax returns. These costs were used by the Commissioner of Internal Revenue in making his determination of tax hereinbefore referred to.
>
> (ii) The balance of the reserve for depreciation of said banking premises (buildings), furniture and fixtures at the end of each of said years, and the annual charge for depreciation for said years (1) as disclosed by the plaintiff's books and records, (2) as disclosed by the original tax returns, and (3) as determined by the Commissioner of Internal Revenue. (As hereinbefore stated, amended returns filed by plaintiff in 1945 for the years 1932 to 1935, [38] inclusive, changed the depreciation and depreciation reserves shown on the original tax returns to conform to the depreciation and depreciation reserves shown on the books.)

(15) In computing the annual depreciation for banking premises, fixtures, and furniture taken on its income tax returns for 1930 and 1931 and on its

original income tax returns for the years 1932 to 1935, inclusive, the plaintiff used the following methods:

As to furniture and fixtures:

The annual deduction was computed on the basis of a 12½ year life from date of acquisition, or at the rate of 8% of the aggregate cost of the furniture and fixtures owned at the end of the respective taxable years and not yet fully depreciated.

As to banking premises:

The annual deduction was based upon the following schedule of useful lives of the various buildings:

Class A Buildings—50 years from date of construction.
Class B Buildings—40 years from date of construction.
Class C Buildings—33⅓ years from date of construction.
Class D Buildings—25 years from date of construction.

and the rate of depreciation was determined by considering as the remaining useful life of a particular building the difference between the age of the building at date of acquisition and the estimated total useful life of the building pursuant to the foregoing schedule.

(16) In computing the annual depreciation charged off on its books, the plaintiff used the following method:

Up to December 31, 1931, it used the same method as was used in computing the depreciation deduction taken on the tax return, as explained in the preceding paragraph (15) hereof. The [39] Bank charged off on its books 1/12½ of the remaining balance of its furniture and fixtures (cost at end of year less accumulated reserve for depreciation to beginning of the year) in the year 1932, 1/11½ of the remaining balance in the year 1933, 1/10½ of the remaining balance in the year 1934, and so on in each year thereafter until 1937. In 1937 the Bank recomputed its book depreciation for the years 1934 to 1936, inclusive, by adjusting depreciation on items of furniture and fixtures purchased during those years to a rate of 6⅔% per year, excepting that in the year of acquisition a rate of 3⅓% was used, and the Bank adjusted its books to give effect to those recomputations of depreciation for 1934, 1935 and 1936. In 1937, 1938 and 1939 the Bank charged off on its books depreciation on furniture and fixtures computed as follows:

1937: 1/10½ of the remaining balance of furniture and fixtures as of December 31, 1933, plus 6-2/3% on additions for 1934 to 1936, plus 3-1/3% on additions in 1937.

1938: 1/10½ of the remaining balance of furniture and fixtures as of December 31, 1933,

plus 6-2/3% on cost of additions from 1934 to 1937, plus 3-1/3% on additions in 1938.

1939: 1/10½ of the remaining balance of furniture and fixtures as of December 31, 1933, plus 6-2/3% on cost of additions from 1934 to 1938, plus 3-1/3% on additions in 1939.

The depreciation on banking premises was charged off on the books of the plaintiff as follows:

In 1932: 1/50th of the remaining balance (cost December 30, 1932 less depreciation reserve December 31, 1931)

In 1933: 1/49th of the remaining balance (cost December 31, 1933 less depreciation reserve December 31, 1932)

In 1934: 1/48th; in 1935—1/47th; and so on until 1942 when adjustments were made in an effort to bring the remaining balances in line with schedules as revised by the U. S. Engineer Revenue Agent, as hereinafter explained.

(17) In determining the furniture and fixtures depreciation deduction for the years 1938 and 1939, as explained in paragraph 9 hereof, the Commissioner of Internal Revenue changed the rate of depreciation used by plaintiff for each year 1936 to 1939 inclusive, but made no adjustment to restore to the residual value of said furniture and fixtures as of December 31, 1935, as shown on plaintiff's original tax returns to that date, the excess of the amounts taken on said original tax returns for de-

preciation of said properties, over the amounts of depreciation taken on the books with respect to the same property for the years 1932 to 1935 inclusive, and the Commissioner of Internal Revenue has given no effect to the amended tax returns filed by the plaintiff for the said years 1932 to 1935, inclusive.

(18) In determining the banking premises depreciation deduction for the years 1938 and 1939, the Commissioner of Internal Revenue allowed the deduction as charged off by the Bank on its books and reported on the tax returns for those years.

(19) During February, 1937, Internal Revenue Agent Mooney began his audit and investigation of plaintiff's 1935 income tax return and spent several days at plaintiff's office on that assignment.

During the course of his audit he ascertained that depreciation had been taken on buildings and equipment and on furniture and fixtures to the extent of $487,999.41 in excess of that charged off on the books for the year 1935 and orally questioned the accuracy of the deduction in conversation with plaintiff's tax counsel. Plaintiff's tax counsel stated to Mr. Mooney that the [41] depreciation taken on the return was excessive and requested him to cooperate in the preparation of corrected depreciation schedules.

After some further check of other items in the return, Mr. Mooney concluded that no matter what adjustments or corrections, including any possible correction of the depreciation deduction, might be made to the returned net loss, there would still be

no taxable income or tax due for that year. Mr. Mooney then orally advised the plaintiff's tax counsel his conclusion to that effect and also advised him that under the practice of the Internal Revenue Agent's office he could not compile or aid in the compilation of revised depreciation schedules for the purpose of adjusting the depreciation deduction where he was satisfied that the adjustments would not offset the net loss reported on the tax return.

On July 9, 1937, Mr. Mooney submitted a report to the Internal Revenue Agent in Charge of San Francisco recommending that the return of the plaintiff showing a net loss of $11,665,034.70 be accepted as filed.

(20) During January 1938 Internal Revenue Agent Selby began his audit and investigation of plaintiff's 1936 income tax return. He visited plaintiff's office and spent about five days intermittently on that assignment over the period beginning in January 1938 and ending in March 1938. During the course of his investigation he found several items that appeared to be erroneous and the deduction taken for depreciation appeared to him to be excessive. Plaintiff's tax counsel agreed with Mr. Selby to that effect and requested Mr. Selby to cooperate in the preparation of corrected depreciation schedules.

However, on the basis of his investigation, Mr. Selby concluded that no matter what adjustments or corrections might be made as to items of income or to deductions taken, such adjustments [42] would not result in producing any taxable income for that year.

Mr. Selby then orally advised plaintiff's tax counsel of his conclusion to that effect and also advised him that under the practice of the Internal Revenue Agent's office, he could not compile or aid in the compilation of revised depreciation schedules for the purpose of adjusting the depreciation deduction where it appeared that the adjustment would not offset the net loss reported on the return.

On March 31, 1938 he submitted a report to the Internal Revenue Agent in Charge at San Francisco to the effect and recommended that the 1936 return of plaintiff be accepted as filed. On or before completing that assignment and report he informed plaintiff's tax counsel of the nature of his report and recommendation as above stated for the tax year.

(21) In June, 1939, the plaintiff's 1936 income tax return was re-examined and re-audited and the plaintiff's 1937 income tax return was examined and audited, by Internal Revenue Agent Slaughter. He prepared reports dated June 27, 1939 covering each year, copies of which were furnished to the plaintiff on August 24, 1939, proposing, amongst other adjustments, certain adjustments of depreciation, which adjustments are reflected in the deficiency letter dated 3/21/40 attached hereto as Exhibit 4 and which adjustment resulted in converting the loss reported for the year 1936 into a profit. The furniture and fixtures depreciation deduction, as set forth in said deficiency notice, was computed in the manner explained in paragraph (9) hereof. The banking premises depreciation, as shown in the de-

ficiency notice, was computed in the same manner as reported by the plaintiff on its tax returns for said years 1936 and 1937; excepting, in 1936 with respect to seventeen particular buildings as to which an adjustment was made solely to reduce the current rate of depreciation, and excepting in 1937 with respect to twenty-one particular buildings as to which adjustments were made solely to reduce the current rate of depreciation and in three instances to eliminate further depreciation after the three particular buildings had been fully depreciated.

(22) (a) In December, 1939, Mr. Clack, Engineer Revenue Agent, called upon plaintiff's tax counsel to discuss a procedure for revision of plaintiff's depreciation schedules, for the purpose of determining the correct allowable depreciation for the years 1938 and 1939 and also for the year 1936 and 1937 which had been assigned to Mr. Clack as a result of the re-examination of plaintiff's 1936 income tax return referred to in the preceding paragraph hereof and the adjustments resulting therefrom which produced net taxable income for that year. As a result of this [44] conversation a program was tentatively worked out for the compilation by plaintiff of revised depreciation schedules for banking premises, furniture and fixtures. The plaintiff assigned a special staff of men to this work, and after three months of work they completed revised depreciation schedules which were presented to Mr. Clack, Engineer Revenue Agent, in April or May, 1940. Subsequently, further conferences were held between Mr. Clack and plaintiff's tax

counsel and supplemental information was compiled by plaintiff and submitted to Mr. Clack. Thereafter, Mr. Clack advised the plaintiff's tax counsel that the revised schedules were not adequate in that they did not contain sufficient information with respect to certain of the factors employed in the computation of the depreciation deduction. Plaintiff then employed the American Appraisal Company to submit reports containing the additional information required by Mr. Clack. After this information was obtained Mr. Clack and plaintiff's tax counsel had further conferences in July, 1941, resulting in an agreement upon a program whereby representatives of the Internal Revenue Agent's office and employees of the plaintiff would work together in the preparation of revised depreciation schedules, with the understanding that any differences which arose about any items or factors involved in the preparation of the schedules would be agreed upon as the work progressed in conferences between Mr. Clack, the Government Agents, and plaintiff's tax counsel. Mr. Clack advised plaintiff's tax counsel that his report was subject to review and approval by the Bureau of Internal Revenue in Washington, D. C. before any adjustments recommended by him could be given effect in the computation of plaintiff's tax liability.

(b) This work extended in to November, 1941, and during its progress many conferences were held between Mr. Clack, the Government Agents, and plaintiff's Tax Counsel and culminated in [45] the completion of revised depreciation schedules satis-

factory to the plaintiff and satisfactory to Mr. Clack and the Government Agents. Copy of the revised schedules with respect to the depreciation on banking premises is attached hereto as Exhibit 16. The revised depreciation schedules on furniture and fixtures are contained in Mr. Clack's original report dated November 14, 1941 attached to the Revenue Agent's report of investigation for the years 1938 and 1939 and attached hereto as Exhibit 3.

(c) In said revised schedules of depreciation of furniture and fixtures there was restored to the residual value of plaintiff's furniture and fixtures as of December 31, 1935, as taken on its original tax return for the year 1935, the excess of the depreciation taken as a deduction on the tax returns for the years 1932 to 1935, inclusive, over the depreciation actually charged off on the plaintiff's books for those years, so that the revised schedules reflect the residual value of said furniture and fixtures as of December 31, 1935, as recorded on the plaintiff's books and records as of that date, and as taken in the amended tax returns filed by plaintiff in April 1945 for the years 1932 to 1935, inclusive.

(d) In said revised schedules of depreciation of banking premises the depreciation rate of each building owned on December 31, 1935, was examined and adjusted or corrected to give effect to the proper factors. The adjustments were related back to December 31, 1931, and revised depreciation on those buildings for each of the years 1932 to 1939, in-

clusive, was computed by applying the adjusted rates to the cost of the property.

(e) Several months after the completion of these revised schedules, Mr. Clack advised plaintiff's tax counsel that his work had not been approved by the Bureau of Internal Revenue and he had to disregard the schedules which had been [46] prepared and agreed upon between himself and the taxpayer, and that it would be necessary to set up the depreciation by starting the revision of the depreciation computations from December 31, 1935, without any adjustment of the depreciation taken on the original tax returns for years prior thereto.

(f) After the revised schedules were rejected, Mr. Clack prepared a second-revised schedule which was made the basis of the determination by the Commissioner of Internal Revenue of plaintiff's income tax liability for the years 1938 and 1939. The basis of these second-revised schedules was as follows:

(1) As to banking premises owned by plaintiff:

The depreciation deduction as taken on the original tax returns and charged off on the books was accepted.

(2) As to furniture and fixtures:

The method explained in paragraph (9) hereof was used.

(g) The depreciation on banking premises, furniture and fixtures for the years 1938 and 1939, as reflected by the revised schedules originally recommended by Mr. Clack and accepted by plaintiff's

tax counsel, but rejected by the Commissioner of Internal Revenue, was as follows:

	1938	1939
Banking premises	$368,953.22	$340,338.96
Fixtures	308,401.80	333,183.06
Furniture	183,144.90	197,319.99

(23) Items classified by the Bank as furniture consists in general of desks, chairs, typewriters and mechanical equipment such as adding machines, etc., wastepaper baskets, filing cabinets, and in general all moveable furniture and equipment. Fixtures consist of electrical fixtures which are generally attached to the building, such as neon signs, lights over counters, and electrical [47] display advertising, etc., counter screens, venetian blinds, floor coverings, banking counters, and generally any type of furniture and fixtures not easily moveable.

(24) All exhibits attached hereto are hereby made a part hereof.

(25) As a result of a survey made in 1931 and 1932 under the direction of the officials of the bank, the bank officials estimated that the furniture and fixtures on hand on December 31, 1931 had an average remaining useful life of 12½ years from that date; and the depreciation was thereafter charged off on its books on that basis. The furniture and fixtures purchased by the bank between January 1, 1932 and December 31, 1935 had a useful life of 15 years after the date of acquisition, as estimated by bank officials, and depreciation was charged off on the books in accordance therewith. The furniture and fixtures on hand on December

31, 1935, had a remaining useful life of 12 years from that date, and purchases after December 31, 1935, had a useful life of 16-2/3 years after date of acquisition. As a result of the same survey the Bank officials estimated that the banking premises owned by the Bank on December 31, 1931 had an average useful life from that date of 50 years; and depreciation was charged off on the books in accordance therewith.

(26) (a) The depreciation on furniture and fixtures charged off by the Bank on its books in each of the years 1932 to 1935, inclusive, was a reasonable provision for depreciation for those respective years.

(26) (b) The depreciation on banking premises (buildings) charged off by the Bank on its books in each of the years 1932 to 1935, inclusive, upon the basis of an average estimated useful life of 50 years from and after December 31, 1931 was inadequate.

The depreciation on banking premises (buildings) computed [48] by Mr. Clack in the preparation of the depreciation schedules attached hereto as Exhibit 16 is a reasonable provision for depreciation for these respective years.

(27) (a) It is agreed without prejudice to the rights of the parties in the determination of depreciation allowable on furniture and fixtures for the years 1938 and 1939, that in view of certain facts hereinbefore stipulated to be true the plaintiff is entitled to additional deduction for depreciation on

banking premises (buildings) over that allowed in the Commissioner's determination of plaintiff's income tax liability for those years as follows:

1938	$50,209.52
1939	$30,981.86

(27) (b) The allowance of these additional amounts, irrespective of the determination of the question of additional depreciation being allowable on furniture and fixtures will result in overpayment of plaintiff's income tax and deficiency interest paid thereon as follows:

	Tax	Deficiency Interest
1938	$8,284.57	$1,475.48
1939	$5,112.00	$ 603.73

(28) (a) The schedules supporting the items reported on the income tax returns for 1930 to 1939 inclusive including the item of depreciation, were so voluminous that it was impracticable to file them with the return and only summaries thereof were filed with the return. The detail depreciation schedules for those years were available for examination by the Revenue Agents but have never been filed with the Commissioner of Internal Revenue or his agents.

(28) (b) The Clack schedules attached hereto as Exhibit 16 were so voluminous that the Internal Revenue Agent in Charge at San Francisco never transmitted them to the Bureau of Internal [49] Revenue except in the summary form contained in

Mr. Clack's report of November 14, 1941, which is a part of the Agent's Report attached hereto as Exhibit 3.

(29) Shortly after the taxpayer was advised that Mr. Clack's schedules had been rejected by the Bureau of Internal Revenue, it sent a letter signed by its tax counsel dated December 10, 1941, to Mr. Harless, Internal Revenue Agent in Charge at San Francisco and said letter is attached hereto as Exhibit 17, not as proof of any facts stated therein but as proof of the representations made at that time by the taxpayer to the Internal Revenue Agent in Charge. Mr. Harless notified the Bureau of Internal Revenue of the receipt of this letter but the Bureau made no change in its position as to the revision of Mr. Clack's schedules.

(30) The reporting in Schedule L of the income tax returns filed by the Bank for the years 1932 to 1935 inclusive, of adjustments for depreciation is indicative that there is a difference between the depreciation deducted on the returns and the depreciation charged off on the books.

(31) It is further agreed that Mr. C. Homer Neill, if called as a witness would testify as set forth below and it is stipulated that this testimony may be considered as though he were called as a witness in this proceeding and had so testified, subject to any objections which may be made as to competency, materiality and relevancy of any part thereof. Written statement giving specific notice of such objections is to be served by defendant's counsel upon plaintiff's counsel and filed by defendant on or before the hearing.

(a) He is 57 years of age and has been in plaintiff's employ since 1920; and since 1930 he has been responsible for the actual preparation of plaintiff's annual income tax returns. The [50] compilation of plaintiff's income tax return is a complicated matter since the accounting for many items and the designation and grouping of items under various accounting classifications, is different for bookkeeping purposes than for income tax purposes; and because of the many adjustments which must be made for that reason, the plaintiff's officers who sign the returns cannot determine from an examination of the return whether or in what respects the returns differ from the books, and those officers must depend upon the plaintiff's tax department for the correct preparation of the returns and the correct reporting thereon of all items of income and deductions.

(b) The depreciation schedules used for the reporting the depreciation deduction on the tax returns for the years 1930 to 1937 inclusive were started in 1927 and he never discussed the matter of depreciation with the plaintiff's officers after the time the schedules were started except as hereinafter stated. The plaintiff used the same depreciation schedule for bookkeeping purposes as for income tax purposes up to the year 1932. In 1932 the plaintiff changed its depreciation schedule on its books and this came to his (Mr. Neill's) attention in the early part of 1933 when he was preparing the 1932 return. He ascertained from plaintiff's chief accountant that the depreciation had been re-

vised to conform to the results of a survey of the plaintiff's properties.

(c) The detail preparation of the depreciation schedules for income tax purposes was done in the plaintiff's accounting department according to a certain routine. The plaintiff's main office, its accounting department and his (Mr. Neill's) office were located in different buildings in San Francisco. He determined that there would be no tax liability for 1932 regardless of whether he used the book depreciation or the schedules previously [51] used for income tax purposes so he considered it was unimportant what schedule or deduction was used on the return. He believed the schedules could be corrected at any time, so he decided that rather than to disturb the accounting department routine and to install new schedules which would be as much subject to review and correction by the Government Revenue Agents as the schedule then in use, he would continue to use the schedules theretofore used even though he then knew they were wrong until a completely revised schedule could be worked out with the Revenue Agents. That for the same reasons he continued to use the same depreciation schedules in computing the depreciation taken on the income tax returns for 1933, 1934 and 1935.

(d) In July 1936, Mr. Koster was employed as tax counsel for plaintiff and in December 1936, he (Mr. Neill) told Mr. Koster about the differences between the depreciation being reported on the income tax returns and the depreciation charged off on the plaintiff's books. In March, Mr. Koster in-

structed him to continue the use of the same depreciation schedules in reporting the depreciation on the income tax return for 1936; and in March 1938, Mr. Koster instructed him to continue the use of the same depreciation schedules in reporting the depreciation on the income tax return for 1937 but thereafter to discontinue those schedules and use only the depreciation as charged off on the plaintiff's books until some mutually satisfactory schedules could be worked out with the Revenue Agents.

(e) He took as the depreciation deduction on the income tax returns for the years 1938 and 1939 only the depreciation charged off by the plaintiff on its books for those respective years.

(32) It is further agreed that Mr. George H. Koster, if called as a witness would testify as set forth below and it is [52] stipulated that this testimony may be considered as though he were called as a witness in this proceeding and had so testified subject to any objections which may be made as to competency, materiality, and relevancy of any part thereof. Written statement giving specific notice of such objections is to be served by defendant's counsel upon plaintiff's counsel and filed by defendant on or before the hearing.

(a) He is an attorney at law and has been specializing in the practice of federal tax law since 1928. From 1922 to 1928 he was employed in the Bureau of Internal Revenue as an auditor and internal revenue agent. In July 1936, he was employed by plaintiff as its tax counsel with supervision over its tax department. He immediately pro-

ceeded to acquaint himself with the plaintiff's organization, its personnel, its accounting system, and its problems with respect to matters of taxation. In December 1936, Mr. C. Homer Neill who had supervision over the preparation of plaintiff's income tax returns, called to his attention that the depreciation schedules used for computing the depreciation deducted on the tax returns for 1932, 1933, 1934 and 1935 was different from the schedule used in computing the depreciation charged off in those years on the plaintiff's books.

(b) He (Mr. Koster) had just concluded that the tax depreciation taken on those returns was wrong in his opinion, when Mr. Mooney, Internal Revenue Agent, commenced an audit of plaintiff's 1935 income tax return and he stated to Mr. Mooney that the depreciation taken on the tax return was excessive and requested Mr. Mooney to cooperate with his in the preparation of corrected depreciation schedules. Mr. Mooney advised him that he (Mr. Mooney) had concluded that no matter what adjustments or corrections, including any possible correction of the depreciation deduction, might be made to the return net loss for the year 1935, [53] there would still be no taxable income and therefore under the practice of the Internal Revenue Agents office he (Mr. Mooney) could not compile or aid in the compilation of revised depreciation schedules.

(c) The 1936 income tax return was in the course of preparation at this time, and, for the same reasons which prompted Mr. Neill to continue the use of the original depreciation schedules for income tax purposes for the years 1932 to 1935,

he (Mr. Koster) instructed Mr. Neill to use the same schedule for the 1936 return.

(d) In January 1938, Mr. Selby, Internal Revenue Agent commenced an audit of plaintiff's 1936 income tax return, and when Mr. Selby stated that the depreciation deduction appeared to be excessive he agreed with Mr. Selby and requested Mr. Selby to cooperate in the peparation of corrected depreciation schedules. Mr. Selby stated that it appeared to him that no matter what adjustments or corrections might be made as to items of income or to deductions, such adjustments would not result in producing any taxable income for the year and therefore under the practice of the Internal Revenue Agent's office he (Mr. Selby) could not compile or aid in the compilation of the revised depreciation schedules.

(e) The 1937 income tax return was in the course of preparation at this time, the original depreciation schedule used for prior year returns was completed for the year 1937, and it appeared that there would be little if any income tax for the year, so rather than delay the filing of the return, he (Mr. Koster) instructed Mr. Neill to use the same schedule for computing the depreciation to be taken on the 1937 return.

(f) It appeared at that time too that the plaintiff would have a substantial tax liability for the year 1938 so he [54] instructed Mr. Neill to discontinue the preparation of the depreciation schedules theretofore used for the tax return, and thereafter to use as the income tax deduction for depreciation only the depreciation charged off by the plain-

tiff on its books. The depreciation charged off by the plaintiff on its books was much less than the depreciation computed under the depreciation schedules used for the tax returns for the years 1932 to 1937.

(g) As the result of his experience it was his opinion that the most practical way of establishing a depreciation schedule which would be mutually satisfactory to Government and taxpayer in a case such as this where the preparation or revision of such schedules is a difficult and expensive task, was to work in cooperation with the Government Revenue Agents in the compilation of such a schedule. It was his opinion that this could be accomplished in this case. Thereafter, schedules mutually satisfactory to themselves were finally worked out between him (Mr. Koster) and Mr. Clack, Engineer Revenue Agent, and were completed in November 1941.

(h) After Mr. Clack's schedules were rejected by the Bureau of Internal Revenue in December 1941, he (Mr. Koster) had a number of conferences during 1941 to 1945 with various representatives of the Bureau of Internal Revenue in an effort to secure the acceptance of Mr. Clack's schedules by the Bureau of Internal Revenue. He (Mr. Koster) had been considering since his talk with Mr. Mooney in 1937, the filing of amended returns for the years 1932 to 1935 inclusive to correct the depreciation taken in those years but he was confident that mutually satisfactory schedules could be worked

out with the Internal Revenue Agents and that the filing of amended returns would be unnecessary.

(i) He (Mr. Koster) considered then and still considers that the acceptance of Mr. Clack's original schedules would have [55] made unnecessary the filing of amended income tax returns for the plaintiff for the years 1932 to 1935 inclusive to correct the depreciation taken on the original returns for those years. When in April 1945, the Bureau refused to recede from its earlier position and refused to approve the original Clack schedules, he (Mr. Koster) advised the plaintiff to file amended returns for the years 1932 to 1935 inclusive to correct the depreciation taken on the original returns for those years, and the amended returns were filed.

(33) It is further agreed that Mr. Russell G. Smith if called as a witness would testify as set forth below and it is stipulated that this testimony may be considered as though he were called as a witness in this proceeding and had so testified, subject to any objections which may be made as to competency, materiality and relevancy of any part thereof. Written statement giving specific notice of such objection is to be served by defendant's counsel upon plaintiff's counsel and filed by defendant on or before the hearing.

He is Executive Vice-President of the plaintiff and from 1932 to 1939 inclusive held official positions first as Cashier and then as Vice-President of the plaintiff and during those years was the officer to whom the plaintiff's income tax returns were sent for approval. The form and contents of the returns

were so summarized and reclassified from the accounting records that he could not determine whether or not the items as recorded on the plaintiff's books were reported on the income tax return but he relied upon the plaintiff's tax department and assumed that the returns were correctly prepared by the plaintiff's tax department. He made no inquiries about the returns prior to 1938 since they showed no tax liability. In 1938 he reviewed with Mr. Koster, plaintiff's tax counsel, the tax return for the year 1937 and [56] Mr. Koster stated that the deduction for depreciation was wrong but that the revision of the depreciation schedules was an unsettled matter and he was working with the Internal Revenue Agents to arrive at a basis for computing the depreciation mutually satisfactory to the Government and to him.

Executed this 9th day of April, 1946.

/s/ GEORGE H. KOSTER,
Attorney for Plaintiff.
/s/ FRANK J. HENNESSY,
United States Attorney.
/s/ WILLIAM E. LICKING,
Asst. United States Attorney.
/s/ FRANK J. READY,
Special Assistant to the
Attorney General.
/s/ RUPPERT BINGHAM,
Special Assistant to the
Attorney General
Attorneys for the Defendant.

[Endorsed]: Filed April 9, 1946.

[Title of District Court and Cause.]

MOTION FOR ORDER TO SET ASIDE ORDER OF SUBMISSION AND TO REOPEN CASE FOR RECEIVING ADDITIONAL EVIDENCE

Now Comes The Plaintiff by its counsel and respectfully moves the Honorable Court to set aside its Order of Submission of the above entitled case entered April 9, 1946, and to reopen the case for receiving additional evidence, and in support of this motion the following is submitted:

This case was submitted on stipulations of facts and briefs on April 9, 1946. Paragraph 25 of Stipulation of Facts No. 1 states—

> "Neither the Audit Review Section nor the Engineering and Valuation Division has given any consideration to the amended returns filed by the Bank for the years 1932 to 1935, in April 1945, correcting the depreciation deductions taken on the original returns for those years." [58]

One of the issues in this case is whether the taxpayer corrected errors in its original income tax returns for the years 1932 to 1935 inclusive by the filing of amended returns for those years (if it had not already effected a correction of the returns by its conduct and negotiations with the Commissioner of Internal Revenue prior to the filing of the amended returns—see pages 84 to 92 of plaintiff's opening brief and pages 8 to 10 of plaintiff's reply

brief). The error was the overstatement of the depreciation deduction and it is stipulated in this case that the depreciation taken on the amended returns was the correct depreciation. The Government argued that it was not obliged to give any consideration to the amended returns and gave no consideration to those returns, and for that reason the amended returns were ineffective for any purpose.

Since the date of submission of this case, the Commissioner of Internal Revenue did consider the amended returns for the years 1932 and 1933 and sent them to his agent the Internal Revenue Agent in Charge at San Francisco, California, for audit. An Internal Revenue Agent from the Office of the Internal Revenue Agent in Charge at San Francisco did audit the said returns and found them to be correct and so reported to the Internal Revenue Agent in Charge. The Internal Revenue Agent in Charge accepted the said report and notified the plaintiff in writing through Transamerica Corporation, that the conclusion had been reached that the said returns should be accepted as correct. The said returns and the said report of the Internal Revenue Agent were sent to the Commissioner of Internal Revenue at Washington, D. C., by the Internal Revenue Agent in Charge at San Francisco on or about August 1, 1946. Plaintiff has had no further communication about the matter from the Commissioner of Internal Revenue or his agents.

The facts stated in the foregoing paragraph are inconsistent with the stipulated fact that the Commissioner did not consider the amended returns, and are contrary to the Commissioner's contentions that he neither considered nor accepted the amended returns. The new facts are material therefore, in the opinion of plaintiff, to the determination of this proceeding [59] and since these facts relate to matters occurring after the submission of the case, plaintiff believes that the case should be reopened so that the original stipulation may be corrected and the Court apprised of these new facts either through a supplementary stipulation or the taking of evidence with respect thereto.

Plaintiff believes that now that the Commissioner has considered the returns (since the stipulation shows that the 1934 and the 1935 amended returns reported revised depreciation on the same basis as reported on the 1932 and 1933 returns and the stipulation concedes that the amounts of depreciation excepting for a comparatively small difference in depreciation on buildings—see plaintiff's opening brief, p. 85—was correct, the results of the audit of the 1932 and 1933 returns could well be recognized as an audit and consideration by test, of all four returns) and by audit and investigation has found them to be correct, he cannot continue to close his eyes to the fact that they are correct or continue to disregard them and refuse to recognize them as formal accomplishment by the plaintiff of a correction of errors in the original returns, and these amended returns should be given effective

recognition in the computation of the tax liability for the years involved in this proceeding.

This motion is being filed in good faith and not for the purpose of delay. Affidavit of Counsel for plaintiff supporting this motion is attached hereto as part hereof.

Respectfully submitted,

GEORGE H. KOSTER,
Counsel for Plaintiff.

Dated San Francisco, California, October 14, 1946.

Memorandum of Authority

Rule 7(b)(1) Rules of Civil Procedure for the District Courts of the United States. [60]

Affidavit

State of California,
City and County of San Francisco—ss.

George H. Koster being first duly sworn deposes and says:

He is a citizen of the United States and a resident of the City and County of San Francisco, State of California, and is over 21 years of age.

He is the attorney of record for plaintiff in the proceeding entitled Bank of America N.T.&S.A., plaintiff vs. United States, defendant, Number 24039-S, and has his office at 300 Montgomery Street, San Francisco, California.

He is informed and believes that some time prior to June 27, 1946, the Commissioner of Internal Rev-

enue sent the amended consolidated income tax returns filed by Transamerica Corporation (which included the returns of plaintiff) for the years 1932 and 1933, to his agent, the Internal Revenue Agent in Charge at San Francisco, California, for audit and examination.

On or about June 27, 1946, an Internal Revenue Agent from the office of the Internal Revenue Agent in Charge at San Francisco, California, called upon affiant and stated that he had the amended consolidated income tax returns filed by Transamerica Corporation for the years 1932 and 1933 for examination and audit and he proceeded to audit the said returns; thereafter the said Agent completed his audit of said returns and informed affiant that he found the returns to be correct and would so report.

On or about August 1, 1946, Transamerica Corporation received a letter from the Internal Revenue Agent in Charge dated July 31, 1946, photostat copy of which letter is attached hereto, advising it that the conclusion has been reached that the said returns for 1932 and 1933 should be accepted as correct. [61]

Affiant is informed and believes that on or about August 1, 1946, the Internal Revenue Agent in Charge sent said returns to the Commissioner of Internal Revenue together with his report that said returns were correct.

Plaintiff has received no communication about said returns other than the letter from the Internal

Revenue Agent in Charge dated July 31, 1946, hereto attached.

/s/ GEORGE H. KOSTER.

Subscribed and sworn to before me this 14th day of October, 1946.

[Seal] JOHN F. BURNS,

Notary Public in and for the City and County of San Francisco, State of California.

My Commission expires April 12, 1949. [62]

[Letterhead Treasury Department, Office of Internal Revenue Agent in Charge]

July 31, 1946

In re: Income Tax Year(s) covered: 1932 and 1933
Transamerica Corporation and Affiliates,
4 Columbus Avenue,
San Francisco, California.

Gentlemen:

Upon examination of your income tax return(s) for the year(s) indicated above, the conclusion has been reached that it (they) should be accepted as correct.

I am sure you will appreciate that should subsequent information be received which would materially change the amount reported, it will be necessary under existing laws to redetermine your tax liability.

Respectfully,
F. M. HARLESS,
Internal Revenue Agent
in Charge.

ldc R.

[Endorsed]: Filed Oct. 14, 1946. [63]

[Title of District Court and Cause.]

DEFENDANT'S OPPOSITION TO PLAINTIFF'S MOTION TO REOPEN FOR RECEIVING OF ADDITIONAL EVIDENCE

Comes now the defendant by Frank J. Hennessy, United States Attorney, and William E. Licking, Assistant United States Attorney for the Northern District of California, its attorneys of record herein, and opposes the granting of plaintiff's motion to set aside the order of submission and to reopen this cause for receiving additional evidence in this cause. The grounds of objection to plantiff's motion are as follows:

1. Defendant is advised, believes and submits to the Court that the matters upon the basis of which plaintiff seeks to reopen the evidence are irrelevant and are not of such nature or significance as would materially affect the final determination herein even if plaintiff's motion should be [64] granted and additional evidence should be received by the Court thereunder.

2. Neither did the Commissioner of Internal Revenue authorize or direct that the amended consolidated income tax returns filed in April, 1945, by Transamerica Corporation for itself and affiliates (including plaintiff) for the years 1932 and 1933 be audited nor did he act upon the report submitted on June 28, 1946, by Internal Revenue Agent Rector C. Selby to the Internal Revenue Agent in Charge at San Francisco, California.

In support of the above there are attached hereto, made a part hereof as if fully set forth herein the following affidavits with exhibits attached:

(a) Affidavit with exhibits of D. L. Siegrist, Head, Records Division, Income Tax Unit, Bureau of Internal Revenue, Washington, D. C.

(b) Affidavit of Rector C. Selby, Internal Revenue Agent, attached to the San Francisco Division of the Bureau of Internal Revenue, dated November 31, 1946.

(c) Affidavit of Francis M. Harless, Internal Revenue Agent in Charge, San Francisco Division, Bureau of Internal Revenue, Income Tax Unit, San Francisco, California, dated November 31, 1946.

(d) Affidavit of William L. Stern, Group Chief in the Office of the Internal Revenue Agent in Charge, San Francisco Division, Bureau of Internal Revenue, Income Tax Unit, San Francisco, California, dated November 13, 1946.

(e) Affidavit of James W. Carter, Head, Audit Review Division E, Income Tax Unit, Bureau of Internal Revenue, Washington, D. C., dated November 20, 1946.

(f) Affidavit of Samuel P. Hatchett, Head, Engineering and Valuation Division, Income Tax Unit, Bureau of Internal Revenue, Washington, D. C., dated November 20, 1946. [65]

Wherefore defendant prays that plaintiff's said motion be denied.

Respectfully submitted,

/s/ FRANK J. HENNESSY,
United States Attorney.

/s/ WILLIAM E. LICKING,
Assistant United States Attorney.

/s/ FRANK J. READY,
Special Assistant to the Attorney General.

/s/ RUPPERT BINGHAM,
Special Assistant to the Attorney General.

Attorneys for Defendant.

AFFIDAVIT A.

United States of America,
District of Columbia—ss.

AFFIDAVIT OF DALLAS L. SIEGRIST

Dallas L. Siegrist, being duly sworn, states as follows:

I am a citizen of the United States residing in the City of Washington, District of Columbia; am forty-five years old; am now employed in the Income Tax Unit of the Bureau of Internal Revenue at Washington, D. C., in the capacity of Head, Records Division, in the Internal Revenue Building at Washington, D. C., and have held that position for the past six years. I have been employed in the Records Division of the Bureau since 1920.

The functions of the Records Division with respect to income tax returns, reports of field agents, protests or other communications from taxpayers is to record the receipt of such documents, and then to control and direct such documents and communications to the division in the Income Tax Unit, including field divisions, where such documents, returns, etc., should ordinarily go to receive proper attention. The various employees of the Records Division are under my immediate supervision and control.

The records of the Bureau kept in the Records division disclose that on July 11, 1945 amended corporation returns for the taxable years 1932 and 1933 of the Transamerica Corporation, 460 Montgomery Street, San Francisco, California, were

recorded in the Records Division. At that time the records indicated that the original corporation returns for these years were in the Office of the Internal Revenue Agent in Charge at San Francisco, California. Such amended returns, were, according to regular procedure, forwarded to the Internal Revenue Agent in Charge at San Francisco for association with the [67] original returns.

There is attached hereto and made Exhibit No. 1, a specimen or sample Form 111M used in transmitting amended returns and any other documents forwarded to an Internal Revenue Agent in Charge for association with the original return.

Under date of August 27, 1946, there was received in the service unit of the Records Division a three-page report dated June 28, 1946, prepared by Mr. R. C. Selby of the San Francisco field office, together with copy of Treasury Form 850C letter addressed under date of July 31, 1946, by the Internal Revenue Agent in Charge at San Francisco, California, to Transamerica Corporation and Affiliates, 4 Columbus Avenue, San Francisco, California, and control card, Treasury Form 1248 which had been prepared in the Office of the Internal Revenue Agent in Charge at San Francisco and which accompanied Agent Selby's report above mentioned when the Internal Revenue Agent in Charge transmitted that report to the Bureau in Washington, D. C. This Treasury Form 1248 accomplished the purpose of a letter of transmittal from the field office to the Bureau with respect to Agent Selby's report.

There are attached hereto true copies of the three documents next above mentioned as Exhibit No. 2.

This report and accompanying papers were inspected in the service unit and for the reason that the original returns were not associated with the report such report was given to an assembler to obtain the original returns. On August 28, 1946, the assembler requisitioned the original returns, returns for these years being housed some two miles away from the main Internal Revenue Building. The card records indicated that the original returns were still in the hands of the San Francisco field office. On October 14, 1946, a letter over my signature was addressed to the Internal Revenue Agent in Charge, San Francisco, requesting that the original return for 1933 be returned to the Bureau immediately.

There is attached a true copy of the letter just mentioned as Exhibit No. 3. [68]

The report of Agent Selby and the accompanying papers, including the amended 1932 and 1933 returns, were held in a suspense file in the Records Division awaiting the original return or information from the Internal Revenue Agent in Charge as to the probable location of the returns.

In the meantime information was received in the Records Division that the original returns for 1932 and 1933 were in the hands of the Chief Counsel for the Bureau of Internal Revenue for use in a court proceeding. A memorandum was then prepared in the Records Division for the signature of the Deputy Commissioner transmitting the 1932 and 1933

amended returns and the report of the Revenue Agent Selby dated June 28, 1946, to the Office of the Chief Counsel for the Bureau of Internal Revenue, and the documents just mentioned were transmitted to the Chief Counsel's office accordingly on October 18, 1946.

There is attached a true copy of the memorandum of transmittal just mentioned as Exhibit No. 4.

The 1932 and 1933 amended returns and the Selby report just mentioned were never out of the Records Division of the Income Tax Unit from August 27, 1946, the time they were received from the Internal Revenue Agent in Charge at San Francisco, until they were transmitted to the Chief Counsel's office by memorandum dated October 18, 1946, above mentioned.

/s/ DALLAS L. SIEGRIST.

Subscribed and sworn to before me this 20th day of November, 1946.

[Seal] RALPH T. DERICKSON,
Notary Public,
District of Columbia.

My notarial commission expires on the 31st day of December, 1948. [69]

EXHIBIT NO. 1

Form 111M

Internal Revenue Agent in Charge
Collector of Internal Revenue

The attached document(s) ..... is (are) forwarded for association with the ..... return(s) which was (were) furnished your office under date of .....

.....,
Deputy Commissioner.

By .....,
Head of Division. [70]

TRANSAMERICA CORPORATION AND AFFILIATES
4 Columbus Avenue,
San Francisco, California

DIVISION San Francisco
FORM NO. OF RETURN 1120
FILING DISTRICT 1-California

FIELD EXAM. x
OFF. INTERVIEW
CORRESP. AUDIT

STATUTE OF LIMITATIONS EXPIRES

Year and Serial No.	Kind of Tax or Penalty	Claims	Report as Submitted	Approved Report	Decision	Interest (ForColl'r or Bur Date	Amt.
1932 0	IT		N/C	x			
Am.Only	EP		N/C	x			
1933 0	IT		N/C	x			
Am.Only	EP		N/C	x			

Totals N.C.

Group or Sec. _____ Date _____ To Conf.Sect. _____
Rel.Cases, Ref.Cases
Examiner R. Selby Other Steps, Remarks. _____
Ass'n'd _____ Rep't Rec'd 6/28/46 Agr. _____
Ret'd to Exam'r _____ Rec'd _____ Agr. _____
App'd 7/19/46 C. Sears Rev'r. _____
Prel.Notice _____ Prot. ___ Def. ___ Agr. ___
Ent. _____
Inf.Dem. _____ Ret'd _____ Pd. _____
Inf.Conf. _____ By _____ Agr. ___

Form 1248-CONTROL CARD
Treasury Dept. Internal Revenue Service. (Revised March 1941)

DISPOSED OF: Jul 31 1946 Closed: B. C. S D. Tr'd: B C toBUR: C
Closed: E13 E14 F6 E15 F7 Tr'd: E28 :ToBur: E-28
Pet'n: F10 F11 F12 F13

EXHIBIT NO. 2

A-1

[Letterhead Treasury Department]

Office of Internal Revenue Agent in Charge

July 31, 1946

Transamerica Corporation and Affiliates,
4 Columbus Avenue,
San Francisco, California.

Gentlemen:

In re: Income Tax Year(s) covered: 1932 and 1933

Upon examination of your income tax return(s) for the year(s) indicated above, the conclusion has been reached that it (they) should be accepted as correct.

I am sure you will appreciate that should subsequent information be received which would materially change the amount reported, it will be necessary under existing laws to redetermine your tax liability.

Respectfully,

.....,
Internal Revenue Agent
in Change.

ldc
Form 850-C

Received Records Division, Bankruptcy Unit, Oct. 17, 1946. [72]

A-2

Examining Officer: R. C. Selby

Field Audit: Time Spent: Income tax: 1 day.

Related Reports: None.

In re: Transamerica Corporation and Affiliates
San Francisco, California.

Name and address, if different: 4 Columbus Avenue.

San Francisco, California,
June 28, 1946

Internal Revenue Agent in Charge,
San Francisco, California

An examination of the books and records of the above-named corporation for the years indicated below disclosed the following:

SUMMARY

Deficiency (Overassessment)

Year Ended	Income Tax	DVEP Tax	Excess-Profits Tax	Collection District
12/31/32	none	none	none	First California
12/31/32	none	none	none	First California

Nature of business: Holding Company

Authority for examination: 1932 and 1933 amended returns

Other Information:

Relative to the amended consolidated returns filed for the years 1932 and 1933 the following is submitted:

A case is now pending entitled—Bank of America

N.T.&.S.A. v. U. S. in the U. S. Dist. Ct. No. District of California.

Involving a suit for refund of income taxes for the years 1938 and 1939.

The sole issue was the proper depreciation deduction for those years which issue involved the adjustment to be made to the basis of banking premises, furniture, and fixtures for depreciation allowed or allowable for years prior to 1938.

Received Subsection E, August 27, 1946, Records Division.

Received Records Division, Bankruptcy Unit, October 17, 1946. [73]

The taxpayer contends that the depreciation on these assets takes on the original returns for the years 1932 to 1935 inclusive, were excessive and was neither allowed or allowable.

After the Bureau of Internal Revenue rejected the taxpayer's contention that the depreciation previously taken had not been allowed the taxpayer filed amended returns for those years to report thereon the depreciation charged-off on its books for those years which it contends is the correct depreciation for those years in lieu of the depreciation originally deducted.

The amended returns adjust the orginal returns only to decrease the loss reported on the original returns by the amount which taxpayer contends was excessive depreciation for Bank of America N.T.& S.A., (which affiliate is included in the taxpayer's consolidated return) for the years.

The Court case was submitted on a Stipulation of Facts. Stipulation No. 2 paragraph (12) disclosed.

	1932	1933
Transamerica Corporation— original returns	(29,469,157.12)	(19,577,679.54)
Transamerica Corporation— amended returns	(28,760,336.40)	(18,951,407.07)
Reduction as per amended returns (not shown in stipulation)	708,820.72	626,272.47
Bank of America	(12,047,167.29)	(10,827,436.79)
Banks depreciation included in above figures	(1,947,819.34)	(1,698,146.84)

The depreciation figures set forth in paragraph 12 are detailed in Exhibit 15 attached to the stipulation and that exhibit was checked in detail by the undersigned agent at the time the stipulation was entered in for that exhibit also substantiates the figures shown for depreciation on the amended returns.

Paragraph (26)(a) of Stipulation No. 2 reads as follows:

"The depreciation on furniture and fixtures charged off by the Bank on its Books in lack of the years 1932 to 1935 inclusive, was a reasonable provision for depreciation for these respective years."

Paragraph (26)(b) of Stipulation No. 2 reads as follows:

"The depreciation on banking premises (buildings) charged off by the bank on its books in each of the years 1932 to 1935 inclusive upon the basis of an average estimated useful life of 50 years from and after Dec. 31, 1931 was inadequate. [74]

The depreciation on banking premises (buildings) computed by Mr. Clack in the preparation of the depreciation schedules attached hereto as Exhibit 16 is a reasonable provision for depreciation for these respective years."

The depreciation referred to in paragraph (26) (a) is the depreciation reported on the amended returns for furniture and fixtures.

A comparison of the depreciation referred to in paragraph (26)(b) and the depreciation deducted on the amended returns is as follows:

Years	Depreciation referred to in par (26)(b) on bank premises	Depreciation reported on amended returns for bank premises
1932	354,828.55	357,841.88
1932	354,828.55	333,134.64

In view of the above stipulation it would appear that the depreciation deducted on the original returns was excessive but since the entire question of the proper depreciations allowable is involved in the before mentioned Court preceding it does not appear it is within the province of the undersigned agent to make any recommendation with respect to adjusting the original returns.

It is to be noted that the amended returns were filed in the April of 1945 long after the expiration of the Statute Limitation for making additional assessments for the years for which the returns were filed.

R. C. SELBY,
Internal Revenue Agent.

Enclosures:

1932 and 1933 amended returns

Plaintiff's Brief. [75]

EXHIBIT No. 3

IT:Rec:F:E
BBY

Oct. 14, 1946

Internal Revenue Agent in Charge
San Francisco 5, California

Form 1120

In re: Transamerica Corporation & Affiliates
4 Columbus Avenue,
San Francisco, California

Year 1933. Serial 890137. Date Forwarded 11-20-43.

The return of this taxpayer was transmitted to your office under date indicated above. You are requested to forward the return immediately.

. . . . . .,
Deputy Commissioner.

By /s/ D. L. SIEGRIST,
Head of Division.

12229 M [76]

EXHIBIT No. 4

Bureau of Internal Revenue
Income Tax Unit

Oct. 18, 1946

Memorandum for Chief Counsel

IT:Rec:IW:BD
FGJ

Lt-38 & 39. No. 24039-S

(Bank of America National Trust &
Savings Association)

Attention: GC:C—396129

In re: Transamerica Corporation
San Francisco, California

There are forwarded amended returns for the years 1932 and 1933 of the above-named corporation together with the report of Internal Revenue Agent R. C. Selby dated June 28, 1946, recommending no change in the income tax liability for those years.

It is understood that copies of the amended returns for the years 1932 and 1933 are with the administrative file in your office.

E. S. McLARNEY,
Deputy Commissioner.

Enclosures

396129 Received in Th. Oct. 18, 1946. LW. [77]

AFFIDAVIT B

Affidavit of Rector C. Selby

State of California,
City and County of San Francisco—ss.

Rector C. Selby being first duly sworn deposes and says:

He is a citizen of the United States and a resident of the City and County of San Francisco, State of California, and is over 21 years of age.

He was commissioned Internal Revenue Agent in July 1926 and ever since that date has been employed in the offices of the Internal Revenue Agent in Charge in several divisions, and at the present time he is employed in the office of the Internal Revenue Agent in Charge, San Francisco, California, and has been in this office since October, 1937.

His duties, among others, are to make examinations of the accounting books and records for the purpose of determining the correct tax liability for years covered by income tax returns.

On or about June 18, 1946, the amended returns of Transamerica Corporation and Affiliates, for the calendar years 1932 and 1933, (including Bank of America N. T. & S. A.), were assigned to the undersigned for consideration, by his Group Chief, William L. Stern.

The assignment was made in the following manner:

The undersigned was informed that the returns were first assigned to N. J. Friedman, Internal

Revenue Agent, San Francisco Division, San Francisco, California. Agent Friedman then discussed with Bruce Wedgwood, Internal Revenue Agent of the San Francisco Division, who had made examinations of the accounting books and records of the Bank's returns for other years, the reasons why these outlawed returns should be forwarded to the office of Internal Revenue Agent in Charge, San Francisco, California, for consideration.

The undersigned agent was then called into the office of his Group Chief, William L. Stern, and in the presence of Agents Friedman and Wedgwood, the returns were transferred to the undersigned for consideration, since the undersigned had previously been assigned to prepare certain information to be used in connection with a pending suit of the Bank of Amerca N.T.&S.A. vs. U. S. and was, therefore, familiar with the depreciation issue involved. [78]

It was assumed that some consideration was required otherwise the returns for years long since barred by the statute would not have reached the office of the Internal Revenue Agent in Charge, San Francisco, California. After some discussion with the aforementioned individuals, it was decided that an information report was desired by the Bureau of Internal Revenue, Washington, D. C., for possible use in the trial of the pending litigations. During this discussion it was never contemplated that an examnation should be made of the accounting books and records. It was the intention only to reconcile the differences between the depreciation

claimed on the original and amended returns, and submit an information report thereon to the Bureau of Internal Revenue, Washington, D. C.

It was found that all of the information needed could not be obtained in the files of the office of the Internal Revenue Agent in Charge, San Francisco, California.

On June 27, 1946, the undersigned called at the office of George H. Koster, 300 Montgomery Street, San Francisco, California, attorney for both Transamerica and the Bank, to obtain the data which were lacking.

An examination was not made of the accounting books and records. The information needed for the reconciliations was procured from the attorney's copy of the Stipulation of facts submitted to the Court in the pending litigation. This information was obtained in the attorney's office and at no time did the undersigned visit the taxpayer's office in this connection.

On June 28, 1946 a report was prepared and submitted by the undersigned to the office of the Internal Revenue Agent in Charge, San Francisco, California. This report was an information report in which only the differences between the depreciation claimed on the original and amended returns were reconciled.

To the best knowledge and belief of the undersigned the attorney was advised by the undersigned that since the proper depreciation allowance is in-

volved in the pending litigation that it was not in the province of the undersigned to make any recommendation with respect to adjusting the original returns. The undersigned did not inform the attorney that he found the returns to be correct and would so report.

/s/ RECTOR C. SELBY,
Internal Revenue Agent.

Subscribed and sworn to before me this 13th day of November, 1946.

[Seal] /s/ RUTH NATUSCH,
Notary Public in and for the City and County of San Francisco, State of California.

My Commission expires January 3, 1947. [79]

AFFIDAVIT C

Affidavit of Francis M. Harless

State of California,
City and County of San Francisco—ss.

Francis M. Harless being first duly sworn deposes and says:

He is a citizen of the United States and a resident of the City and County of San Francisco, State of California, and is over 21 years of age.

He was commissioned Internal Revenue Agent in Charge April 1, 1937 and ever since that date has been and is now employed as the Internal Revenue Agent in Charge, San Francisco, Division,

Bureau of Internal Revenue, Income Tax Unit, San Francisco, California.

Sometime during the early part of 1946 the amended income tax returns filed by the Transamerica Corporation and its Affiliates, including the Bank of America N. T. & S. A., San Francisco, California, for the years 1932 and 1933 were received in the Office of Internal Revenue Agent in Charge, San Francisco, California. There is no record in the Office of the Internal Revenue Agent in Charge when or from whom these returns were received, but it is safe to assume they were sent by the Bureau of Internal Revenue, Washington, D. C., and that they were received on or about May 31, 1946, as your affiant has been reliably informed the "received stamp" of the Office of the Internal Revenue Agent in Charge, San Francisco is imprinted thereon showing a receipt date of May 31, 1946. The returns are now in Washington, D. C.

Each year thousands of income tax returns are forwarded to the Office of the Internal Revenue Agent in Charge, San Francisco by the Bureau of Internal Revenue, Washington, D. C., for its consideration. It is estimated that at least 95% of these returns are received with no instructions and are handled in a routine manner in accordance with established procedure. All returns are carefully inspected and, on the basis of information contained thereon, many are returned to the Bureau of Internal Revenue, Washington, D. C., without further consideration. Many thousands are held and as-

signed to Internal Revenue Agents for examination. To examine a return it is not only necessary to consider the information disclosed on the return itself, but to examine the accounting books and records of the taxpayer such as they may be for the purpose of determining whether the taxpayer's net income as reflected on the return is correct. Those returns received from the Bureau of Internal Revenue in Washington, D. C., which are unusual in nature and which are normally not sent in the usual routine manner are accompanied by instructions. However, if the aforementioned 1932 and 1933 returns which were unusual in that they were amended returns and were for years on which the statute of limitations had long since expired, were accompanied with instructions, those instructions have been either misfiled or destroyed. After a thorough search of office files, no letter of instruction has been found. Many times a number of amended returns are forwarded in one package and with one set of instructions, requesting that the amended returns be associated with the original returns. Usually under these circumstances the instructions do not make reference to any specific return and when the returns are separated the letter loses its identity and is usually destroyed or otherwise disposed of.

The 1932 and 1933 amended returns mentioned above eventually reached a Group Chief, Wm. L. Stern, and were assigned to an Internal Revenue Agent, R. C. Selby. According to the records of the Office [81] of Internal Revenue Agent in

Charge, the Internal Revenue Agent spent approximately one day considering the returns and in preparing a report for transmission to the Bureau of Internal Revenue, Washington, D. C.

The records further disclose Internal Revenue Agent R. C. Selby did submit an information report. This report passed from the Agent to the Record Section, the Review Section and the Typing Section of the Office of Internal Revenue Agent in Charge, and thence to the Bureau of Internal Revenue in Washington, D. C. The handling of the returns and the report in this manner conformed to the routine handling of thousands of returns and reports passing through the office; some being information reports, some no change reports and some changed reports. An information report is just what the name purports it to be, that is a report for the information and guidance of the Bureau of Internal Revenue and its interested personnel and is nothing more than a confidential interoffice communication. It is not the policy of the Bureau of Internal Revenue to send copies of information reports to taxpayers. A no change report is a report prepared by an Internal Revenue Agent in which he recommends no change in tax liability after having examined the tax returns and the books and records supporting same. A change report is a report of an examination of a return and the supporting accounting books and records and recommends a change in tax liability as reported on the return. Clerical personnel could readily confuse an information report with a no change report

and vice versa, although the text material or comment by the Internal Revenue Agent should clearly distinguish one from the other. A copy of a no change report is seldom sent to a taxpayer, the taxpayer merely being furnished with a form letter reading in part as follows: "Upon examination of your income tax return(s) for the year(s) indicated above, the conclusion has been reached that it (they) should be accepted as correct." Hundreds of these no change letters are prepared each month and mailed out to taxpayers over your affiant's name. Your [82] affiant's name is usually signed to these letters by some officer in the office to whom such authority has been delegated.

It so happens when Internal Revenue Agent Selby's report was submitted to the Office of the Internal Revenue Agent in Charge, the records disclosed the personnel handling it in its routine passage through the office mistakingly treated it as a no change report rather than an information report, and inadvertently prepared and mailed the aforementioned "no change" form letter to the taxpayer, the Transamerica Corporation and Affiliates, over your affiant's name as the Internal Revenue Agent in Charge.

The handling of the information report in this manner was a simple error of judgment on the part of the personnel of the Office of the Internal Revenue Agent in Charge. The report should have been handled in the manner prescribed for the handling of information reports, i.e., no copy or

letter to the taxpayer, but the original mailed immediately to the Bureau of Internal Revenue in Washington, D. C., for the information of that office only.

/s/ FRANCIS M. HARLESS,
Internal Revenue Agent
in Charge.

Subscribed and sworn to before me this 13th day of November, 1946.

[Seal] /s/ RUTH NATUSCH,
Notary Public in and for the City and County of San Francisco, State of California. [83]

My commission expires January 3, 1947.

AFFIDAVIT D

Affidavit of William L. Stern

State of California,
City and County of San Francisco—ss.

William L. Stern being first duly sworn deposes and says:

He is a citizen of the United States and a resident of the City and County of Alameda, State of California, and is over 21 years of age.

He was commissioned Internal Revenue Agent in March, 1928, and ever since that date has been and is now employed in the Office of the Internal Revenue Agent in Charge at San Francisco, California. His present office position is that of Group Chief,

in which capacity he assigns work and supervises the activities of agents assigned to his group.

On or about June 18, 1946, Internal Revenue Agent, N. J. Friedman, of the San Francisco Division, placed before the undersigned, amended returns of Transamerica Corporation and Affiliates, for the calendar years 1932 and 1933, with the request that they be assigned to another agent inasmuch as he was going out of town for a period approximating 60 days. He suggested that another agent, one Bruce Wedgwood, was more familiar with the years involved, and could prepare the necessary information report which he thought was required. [84]

A cursory examination of the amended returns showed that no tax liability was indicated thereon, and further, that the period of limitation upon assessment and collection had long since expired. Thereupon, on the same date, the undersigned contacted Internal Revenue Agents Bruce Wedgwood and H. Selby vith a view toward determining what should be done in the matter.

Agent Wedgwood appeared to be well informed as to the purpose of the taxpayer in filing these amended non-taxable returns long after the period of limitation upon assessment and collection had expired; stating that there was a suit pending in the U. S. District Court, titled Bank of America N. T. & S. A. vs. U. S. in which a depreciation issue was involved. He further stated that Agent R. Selby

had assisted the attorneys for the Department of Justice in the preparation of additional information relative to depreciation and was undoubtedly familiar with the case. Agent Selby confirmed the fact that he had assisted the attorneys for the Department of Justice in securing data and information with respect to the pending litigation.

After the foregoing discussion of the apparent reason which prompted the filing by taxpayer of the amended returns for 1932 and 1933, it was suggested by the undersigned that these returns were apparently filed for the sole purpose of circumventing the effect of the Supreme Court decision in Virgina Hotel Corp. That under the holding in that case, where taxpayer took excessive depreciation for net loss years, the amounts claimed were required to be subtracted from the depreciation basis for later years. That depreciation is allowed under the statute, if it has been considered in arriving at the net tax result for the taxable year, and it is not necessary that it offset taxable income.

Realizing that the statutory period of limitation upon assessment and collection had already expired, and having discussed the matter of these returns with the aforementioned Internal Revenue Agents, it was assumed by the undersigned that under no circumstances had the Bureau of [85] Internal Revenue, Washington, D. C., forwarded these returns to its field office for the purpose of an income

tax investigation as such an investigation would consume an unusual amount of time and would serve no useful purpose whatsoever. It was felt, however, that since the Bureau had forwarded these amended returns to the field, an information report was required for possible use in the trial of the pending litigation. With this in mind, the returns were handed to Agent Selby with the suggestion that he prepare an information report reconciling the depreciation claimed on the original and amended returns for the years 1932 and 1933. It was further suggested to him that this information could undoubtedly be secured from our office file on the case.

/s/ WILLIAM L. STERN,
Internal Revenue Agent.

Subscribed and sworn to before me this 13th day of November, 1946.

[Seal] /s/ RUTH NATUSCH,

Notary Public in and for the City and County of San Francisco, State of California.

My Commission expires January 3, 1947. [86]

AFFIDAVIT E

United States of America,
District of Columbia—ss.

Affidavit of James W. Carter

James W. Carter, being duly sworn, states as follows:

I am a citizen of the United States residing in the City of Washington, District of Columbia; am fifty-seven years old; am now employed in the Income Tax Unit of the Bureau of Internal Revenue at Washington, D. C., in the capacity of Head, Audit Review Division E, in the Internal Revenue Building at Washington, D. C., and have held that position for the past seven years. I have been employed in the Bureau of Internal Revenue since 1919.

The records of the Audit Review Division E indicate that no consideration has ever been given by that division to the amended returns field in April 1945 by Transamerica Corporation and its affiliates for the years 1932 and 1933.

/s/ JAMES W. CARTER.

Subscribed and sworn to before me this 20th day of November, 1946.

[Seal] RALPH T. DERICKSON,
Notary Public,
District of Columbia.

My notarial commission expires on the 21st day of December, 1948. [87]

AFFIDAVIT F

United States of America,
District of Columbia—ss.

Affidavit of Samuel P. Hatchett

Samuel P. Hatchett, being duly sworn, states as follows:

I am a citizen of the United States residing in the City of Washington, District of Columbia; am sixty years old, am now employed in the Income Tax Unit of the Bureau of Internal Revenue at Washington, D. C., in the capacity of Head, Engineering and Valuation Division, in the Internal Revenue Building at Washngton, D. C., and have held that position for the past sixteen years. I have been employed in the Bureau of Internal Revenue since 1919.

The records of the Engineering and Valuation Division indicate that no consideration has ever been given by that Division to the amended returns filed in April 1945 by Transamerica Corporation and its affiliates for the years 1932 and 1933.

/s/ SAMUEL P. HATCHETT.

Subscribed and sworn to before me this 20th day of November, 1946.

[Seal] RALPH T. DERICKSON,
Notary Public,
District of Columbia.

My notarial commission expires on the 31st day of December, 1948.

[Endorsed]: Filed Nov. 22, 1946. [88]

In the District Court of the United States for the Northern District of California, Southern Division

No. 24039-S

BANK OF AMERICA NATIONAL TRUST and SAVINGS ASSOCIATION, a national banking association,

Plaintiff.

vs.

UNITED STATES OF AMERICA,

Defendant.

George H. Koster,
Bayley Kohlmeier,
Attorneys for Plaintiff,
300 Montgomery Street,
San Francisco, California.

Frank J. Hennessy,
United States Attorney.

William E. Licking,
Assistant United States Attorney.
Attorneys for Defendant.

OPINION

St. Sure, District Judge

Plaintiff, a national banking association, seeks to recover amounts officially assessed and collected as deficiencies in its income taxes for the calendar years 1938 and 1939. The taxes were paid with reservations of the right to seek refund and, if

denied, to test the validity of the collection by legal procedure.

The deficiencies were the result of partial disallowance of respective deductions claimed by plaintiff as depreciation of buildings, furniture and fixtures used in its business.

The disallowance, in part, of deductions claimed as depreciation on furniture and fixtures was predicated on an adjustment of the unexhausted depreciation base as of December 31, 1937, which in turn was based on the so-called residual value of the furniture and fixtures (meaning cost less accumulated depreciation) as of December 31, 1935. The cause was submitted on stipulated facts.

Prior to 1931 the plaintiff deducted from gross income shown on its tax returns the same amounts for depreciation on its furniture and fixtures as it charged off on its books; that is, 8% per annum of original cost and on an estimated useful life of 12½ years. In 1932 the taxpayer estimated the useful life of its furniture and fixtures on hand December 31, 1931, was 12½ years from that date and of new furniture 15 years from date of purchase. Thereupon "it changed its depreciation rate for bookkeeping purposes . . . by using a rate of 8% of the residual value (meaning cost less accumulated depreciation) of the furniture and fixtures on hand December 31, 1931, and 6⅔% on new acquisitions thereafter. Plaintiff, however, continued to compute its depreciation at the rate of 8% per annum on original cost in computing its depreciation on its tax returns for each of the years 1932

to 1937, inclusive." This is to say that for the years 1932 to 1937, inclusive, the taxpayer deducted from gross income on its tax returns a larger amount for depreciation on furniture and fixtures that it charged off on its books. For the years now involved (1938 and 1939) [90] the plaintiff deducted the same amounts as it charged off.

The amended complaint alleges that the taxpayer advised revenue agents who audited its returns of the discrepancy between the depreciation annually deducted and that charged off on its books, but that, because the returns disclosed a net loss for each of the years 1932 to 1935, inclusive, and disallowance of excess amounts deducted would not create a tax liability, official revision of the depreciation schedule was deferred until an audit was made of the return showing a tax liability. Such an audit by revenue agents for the years 1936 to 1939, inclusive, resulted in an adjustment of the depreciation base, as of December 31, 1935. The agents "allowed" as the annual deductions for depreciation the amounts charged off on the books therefor and added to the unexhausted base as of December 31, 1935, the aggregate amount of excess depreciation deducted for each of the years 1932 to 1935, inclusive. This addition was disapproved by the Commissioner.

In auditing the returns for 1936 to 1939, inclusive, the Commissioner determined that as of December 31, 1935, taxpayer's furniture and fixtures on hand had a useful life of ten years from that date. In auditing the returns for 1938 and 1939 he de-

termined that as of December 31, 1937, the same depreciable assets had a useful life of ten years from that date and that new furniture and fixtures would have a useful life of 16⅔ years from date of purchase. In applying this determination to taxpayers returns for 1938 and 1939, the Commissioner used the unexhausted depreciation base as of December 31, 1935, reflected on the tax return for the year 1935; took 1/10 thereof for each of the years 1936 and 1937, deducted the aggregate amount thereof from the unexhausted base as of December 31, 1935, and computed the residual value as of December 31, 1937. He then determined that 1/10 [91] of the 1937 residual value was the amount of deduction allowable for depreciation on furniture and fixtures for the years 1938 and 1939. In other words the Commissioner changed the rate of depreciation used by the taxpayer for the years 1936 to 1939, inclusive.

Plaintiff does not question the change of rate of depreciation for the years 1936 to 1939, inclusive.

The essence of plaintiff's grievance is that the Commissioner based his computation of allowable deductions for the years 1938 and 1939 on the unexhausted depreciation base as of December 31, 1935, as that base was reflected on its tax returns for the year 1935, but refused to restore or add to that amount the aggregate excess depreciation claimed on the tax returns over the amount charged off on its books. The arguments are that since the amounts charged off on its books were admittedly reasonable allowances for depreciation and that the

excess amounts claimed on the tax returns for 1932 to 1935 were neither allowed nor allowable, the aggregate of the excess disallowed by revenue agents should be "restored" to the depreciation base as of December 31, 1935; that the aggregate of such excess amounts to nearly two million dollars which unless added to the unexhausted base or residual value as of December 31, 1935, will be lost so far as tax benefit is concerned; and that the unexhausted base on that date should be the amount reflected on taxpayer's books.

In view of the recent consideration of the applicable statute (Revenue Act of 1938, §23(n) 54 stat. 447; 26 U.S.C.A. Acts § p. 1014; §§113(a), (b)(1)(B), 114) 26 U.S.C.A. Int. Rev. Code, and the substantial similarity of basic facts, principles and the major part of the argument herein to those presented in Virginian Hotel Corporation v. Helvering (4 Cir., 132 F 2d 909, affirmed 319 U. S. 523), extended discussion herein and reiteration of the principles enunciated therein, would be of no benefit. It is enough to say that the Supreme Court has definitely settled the following points. [92]

1. The basis on which depreciation is to be allowed is the cost of the property with proper adjustments for depreciation to the extent allowed or allowable.

2. The depreciation base is reduced by the amount allowable each year, whether it is claimed by the taxpayer or not, and it must be reduced even though no tax benefit results from use of depreciation as a deduction.

3. Depreciation cannot be accumulated for deduction in a year in which the taxpayer will receive the most benefit thereby.

4. The purpose of the amendment of the Revenue Act of 1932 (47 Stat. 169, 201) was to foreclose or preclude a taxpayer who had made deductions in excess of the amount allowable from reducing the depreciation base by the lesser amount which was allowable.

5. These principles do not deprive the taxpayer of any portion of allowable deductions.

Plaintiff's argument is that this case is to be distinguished from the Virginian Hotel case, for the reason that in the present instance the excess depreciation was disallowed by revenue auditors, whereas the former case rested upon the express determination by the Supreme Court that the excess had been allowed; and therefore in the instant case the aggregate of disallowed excess should be added to the depreciation base as of December 31, 1935. This contention is not without foundation from a practical standpoint.

The argument that the unexhausted base or residual value should be the amount reflected on taxpayer's books as of December 31, 1935, is tantamount to a contention that its books should be substituted for its tax returns. Tax returns are the documents and the figures therein are controlling in the Commissioner's computation or determination of tax liability. I find no authority, statutory or judicial, and none has been cited which would

support a contrary conclusion. [93] A taxpayer who or which, for "bookkeeping purposes" deliberately claims on its tax returns a deduction for depreciation larger than it charges off on its books over a period of years, is not in a position to complain when the disadvantage of having done so is made to appear by official disallowance of the excess. It is not unfair nor unjust to compel such a taxpayer to accept the consequences of such procedure even though, as presently asserted, the motive was not ulterior but that the procedure was a mistake. Disclosure of the excessive depreciation claimed and disallowance of its deduction by revenue agents or by the Commissioner does not authorize the latter to rectify the taxpayer's mistake or error of judgment. I am unable to perceive any basis for a different conclusion in this case from that enunciated in the Virginian Hotel Corp. case, supra.

Judgment will be entered in favor of the United States.

Dated: December 5, 1946.

[Endorsed]: Filed Dec. 5, 1946. [94]

[Title of District Court and Cause.]

ORDER

It appearing to the Court that the Order entered in the above proceeding on December 5, 1946, should be corrected to provide for judgment for plaintiff for the amounts agreed upon by the parties as being refundable to the plaintiff,

It Is Ordered, on the Court's own motion, this 31st day of December, 1946, that the said Order of December 5, 1946, be vacated and withdrawn, and

It Is Now Ordered nunc pro tunc

1. The motion of plaintiff, Bank of America National Trust and Savings Association, to reopen the case is Denied.

2. Plaintiff may have judgment for overpayments of income taxes [95] and interest thereon for the year 1938 in the amount of $9,760.05, and for the year 1939 in the amount of $5,715.73 or an aggregate overpayment of $15,475.78, together with interest thereon as provided by law, and together with costs, judgment to be entered after filing of findings of fact and conclusions of law.

Opinion filed.

Counsel for defendant may submit findings of fact and conclusions of law.

A. F. ST. SURE,
United States District Judge.

Dated: December 31st, 1946.

[Endorsed]: Filed Dec. 30, 1946. [96]

[Title of District Court and Cause.]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Upon the basis of the pleadings, stipulated facts, briefs and argument of counsel, upon which this course was submitted to the Court by the parties, the Court renders the following

Findings of Fact

1. Plaintiff sues to recover $54,382.97 and $50,-531.19, representing portions of amounts officially assessed and collected as deficiencies of its income taxes for the years 1938 and 1939, plus interest. The disputed deficiencies were paid with reservation of the right to seek refund and, if denied, to test the validity of the collection by legal procedure.

2. The matters set forth in the two written agreed statements of fact are adopted and incorporated, by reference, as a part of these findings.

3. Plaintiff is a national banking association with principal place of business in the City of San Francisco, which operates a branch banking system, having 500 branches throughout the State of California and a branch in London, England.

4. The disputed deficiencies were paid on March 17, 1942, to a former Collector of Internal Revenue at San Francisco, California, who was out of office as Collector when this action was begun on November 25, 1944.

5. On April 25, 1942, plaintiff filed separate

claims for refund for each year involved, presenting in each claim the same grounds for recovery asserted in the amended petition herein. Both of those claims were rejected by the Commissioner of Internal Revenue on April 4, 1944.

6. No part of the taxes collected from the plaintiff by the defendant for the calendar years 1938 and 1939 has been refunded or repaid to the plaintiff.

7. The disputed deficiencies, so far as presently material, were the result of partial disallowance of respective deductions claimed by plaintiff as depreciation of buildings, furniture and fixtures used in its business during the years 1938 and 1939.

8. The parties have stipulated out of the case, without prejudice otherwise, the question of additional depreciation allowable upon plaintiff's buildings. They have agreed (2d Stip., par. 27) that plaintiff is entitled to additional depreciation upon its buildings to the extent of $50,209.52 for the calendar year 1938 and of $30,981.86 for the calendar year 1939, and is therefore entitled, irrespective of the remaining issue, to recover overpayments of income taxes and deficiency interest paid thereon March 17, 1942, as follows:

Year	Tax	Deficiency Interest	Total
1938	$ 8,284.57	$1,475.48	$ 9,760.05
1939	5,112.00	603.73	5,715.73
	$13,396.57	$2,079.21	$15,475.78

9. Plaintiff, on March 15, 1939, filed its income and excess profits tax return reporting net income

of $12,085,942.40 and tax due of $697,171.74 for the calendar year 1938, and on March 15, 1940, filed similar return reporting net income of $10,-006,392.07 and tax due of $562,447.33 for the calendar year 1940. Plaintiff duly paid the taxes so reported due for each year, and those tax payments are not in question here.

10. Upon audit of those returns in 1942, the Commissioner of Internal Revenue assessed the above mentioned deficiencies against plaintiff of tax of $158,620.46 plus interest of $28,254, totalling $186,874.46 for the year 1938 and of tax $97,477.46 plus deficiency interest of $11,514.35, totalling $108,991.81 for the year 1939. In computing these deficiencies the Commissioner increased plaintiff's net income to $13,044,356.88 and the tax due thereon to $855,792.20 for the year 1938 and increased its net income to $10,592,673.48 and the tax due thereon to $659,924.79 for the year 1939.

11. (a) The disallowance, in part, of deductions claimed as depreciation on furniture and fixtures for the years in suit was predicated on an adjustment of the unexhausted depreciation base as of December 31, 1937, which in turn was based on the so-called residual value of the furniture and fixtures (meaning cost less accumulated depreciation) as of December 31, 1935.

(b) The amounts of depreciation of furniture and fixtures (1) charged off upon plaintiff's books and taken as deductions from gross income in its 1938 and 1939 tax returns, (2) allowed as such de-

ductions by the Commissioner, and (3) disallowed by the Commissioner, are as follows: [99]

	1938	1939
As per books and returns	$660,146.37	$694,986.20
Allowed	380,762.15	419,718.48
Disallowed	279,384.22	276,267.78

12. Consolidated corporation income tax return was filed by Transamerica Corporation on June 1, 1933, reporting a consolidated net loss of $29,469,-157.12 for the calendar year 1932 and including in that consolidated loss a net loss of the plaintiff, an affiliated company, for the same year of $12,047,-167.29. In that return plaintiff took a deduction from its gross income for depreciation in the sum of $1,947,819.34.

13. Consolidated corporation income tax return was filed by Transamerica Corporation on May 31, 1934, reporting a consolidated net loss of $19,577,-679.54 for the calendar year 1933 and including in that consolidated loss a net loss of the plaintiff, an affiliated company, for the same year of $10,827,-436.79. In that return plaintiff took a deduction from its gros sincome for depreciation in the sum of $1,698,146.84.

14. Separate corporation income tax return was filed by the plaintiff on May 15, 1935, reporting a net loss of $13,689,532.14 for the calendar year 1934. In that return plaintiff took a deduction from its gross income for depreciation in the sum of $1,-620,826.23.

15. Separate corporation income tax return was filed by the plaintiff on May 15, 1935, reporting a

net loss of $11,179,336.88 for the calendar year 1935. In that return plaintiff took a deduction from its gross income for depreciation in the sum of $1,546,767.79. [100]

16. Prior to and during the period January 1, 1930, to July 30, 1937, Transamerica Corporation owned, directly or indirectly practically all of the outstanding capital stock of the plaintiff.

17. The deductions taken for depreciation in planitiff's returns as above stated include depreciation of furniture and fixtures as follows:

Year	Furniture	Fixtures	Total
1932	$ 335,718.78	$ 588,120.12	$ 923,838.90
1933	323,173.85	564,776.58	887,950.43
1934	316,130.67	553,757.42	869,888.09
1935	310,258.18	524,051.53	834,309.71
	$1,285,281.48	$2,230,705.55	$3,515,987.13

18. The amounts charged off on plaintiff's books as depreciation of furniture and fixtures for these same years are as follows:

Year	Furniture	Fixtures	Total
1932	$ 168,913.59	$ 343,962.21	$ 512,875.80
1933	170,441.84	336,503.66	506,945.50
1934	172,090.20	342,636.37	514,726.57
1935	190,641.70	374,517.80	565,159.50
	$ 702,087.33	$1,397,620.04	$2,099,707.37

19. The deductions taken on plaintiff's income tax returns for depreciation of furniture and fixtures for these four years thus exceed the amounts charged off upon its books as depreciation of the

same property over the same period by the following amounts:

1932	$ 410,963.10
1933	381,004.93
1934	355,161.52
1935	269,150.21
	$1,416,279.76

20. Prior to 1931 the plaintiff deducted from gross income shown on its tax returns the same amounts for depreciation on its furniture and fixtures as it charged off on its books; that is, 8% per annum of original cost and on an estimated useful life of 12½ years. In 1932 the taxpayer estimated the useful life of its furniture and fixtures on hand December 31, 1931, was 12½ years from that date and of new furniture 15 years from date of purchase. Thereupon "it changed its depreciation rate for bookkeeping purposes * * * by using a rate of 8% of the residual value (meaning cost less accumulated depreciation) of the furniture and fixtures on hand December 31, 1931, and 6⅔% on new acquisitions thereafter. Plaintiff, however, continued to compute its depreciation at the rate of 8% per annum on original cost in computing its depreciation on its tax returns for each of the years 1932 to 1937, inclusive." For the years 1932 to 1937, inclusive, the taxpayer thus deducted from gross income on its tax returns a larger amount for depreciation on furniture and fixtures than it charged off on its books. However, for the years now involved (1938 and 1939) the plaintiff deducted the same amounts as it charged off.

21(a). Income tax returns were filed in behalf of or by plaintiff reporting its income (or rather, net losses for income tax purposes) for each of the years 1932-1935, inclusive. The net losses so reported and the depreciation deductions taken from gross income in those returns were as follows:

Year	Net Loss	Depreciation Deduction
1932	$12,047,167.29	$1,947,819.34
1933	10,827,436.79	1,698,146.84
1934	14,267,429.28	1,620,826.23
1935	11,665,034.70	1,546,767.79

(b) The returns for 1932, 1933 and 1934 were successively examined by local internal revenue agents attached to the office of the Internal Revenue Agent in Charge at San Francisco, California. When each of those agents had proceeded far enough in his audit to develop the fact that no tax liability existed for the period under examination by him, he submitted to the Internal Revenue Agent in Charge a report to that effect with the recommendation that the return for the particular year be accepted as filed. The reports and returns for those three years, after review and approval of each successive report in the office of the Internal Revenue Agent in Charge, were transmitted to the Bureau of Internal Revenue at Washington, D. C., with the recommendation of the field office that the returns be accepted as filed. When those returns and reports covering the years 1932, 1933 and 1934 were successively received by the Bureau they were reviewed, accepted and sent to the closed files.

(c) During February, 1937, Internal Revenue Agent Mooney began his audit and investigation of plaintiff's 1935 income tax return and spent several days at plaintiff's office on that assignment. During the course of his audit he ascertained that depreciation had been taken on buildings and equipment and on furniture and fixtures to the extent of $487,999.41 in excess of that charged off on the books for the year 1935 and orally questioned the accuracy of the deduction in conversation with plaintiff's tax counsel. Plaintiff's tax counsel stated to Revenue Agent Mooney that the depreciation taken on the return was excessive and requested him to cooperate in the preparation of corrected depreciation schedules. After some further check of other items in the return, Mr. Mooney concluded that no matter what adjustments or corrections, including any possible correction of [103] the depreciation deduction, might be made to the returned net loss, there would still be no taxable income or tax due for that year. Mr. Mooney then orally advised the plaintiff's tax counsel his conclusion to that effect and also advised him that under the practice of the Internal Revenue Agent's office he could not compile or aid in the compilation of revised depreciation schedules for the purpose of adjusting the depreciation deduction where he was satisfied that the adjustments would not offset the net loss reported on the tax return.

(d) On July 9, 1937, Revenue Agent Mooney submitted a report to the Internal Revenue Agent in Charge at San Francisco recommending that the

1935 return of the plaintiff be accepted as filed. That report, after review and approval in the office of the Internal Revenue Agent in Charge, was forwarded with the 1935 return to the Bureau with the recommendation that plaintiff's 1935 return be accepted as filed. When that 1935 return and report were received in the Bureau, the return was reviewed, accepted and sent to the closed files. [104]

22. The procedure followed by the Bureau of Internal Revenue and its field agents in connection with the examination, audit and review of the abovementioned income tax returns for the years 1932-1935, inclusive, is in accordance with the established administrative practice of the Bureau in such cases.

23. No other action than herein stated has ever been taken by the Commissioner of Internal Revenue with respect to the income tax returns of the plaintiff for the years 1932-1935, inclusive.

24. The income tax return filed by plaintiff for the calendar year 1936, which showed a net loss, was audited by a local Internal Revenue Agent in 1938, who reported and recommended to the Bureau that the 1936 return be accepted as filed. When the 1936 return, with the report of the field agent, was received by the Bureau it was reviewed, accepted and sent to the closed file.

25. Subsequently and in June, 1939, the Bureau in connection with the audit of plaintiff's 1937 income tax return reaudited the 1936 return and determined that plaintiff owed deficiencies of income tax for each of those two years.

26. On March 21, 1940, the Commissioner of Internal Revenue sent a deficiency letter covering the years 1936-1937 to plaintiff accordingly. In that deficiency letter the Commissioner adjusted, inter alia, the deductions taken in plaintiff's income tax returns for depreciation on furniture and fixtures as follows: [105]

	1936	1937
As taken on return	$845,024.08	$884,399.58
As revised by Commissioner	352,783.11	394,804.33
Disallowed	$492,240.97	$489,595.25

27. Plaintiff appealed from that determination to the United States Tax Court. Subsequently in a settlement of the various issues involved in the 1936-1937 case, the plaintiff abandoned its contentions with respect to the disallowance of depreciation with the express understanding that the settlement of the case for the years 1936-1937 was made without prejudice to either party as to any issue involved in the determination of plaintiff's tax liability for subsequent years.

28. Under the applicable Treasury Regulations, rulings and administrative procedure in effect when the original income tax returns of the plaintiff were filed for the years 1932-1935, inclusive, and when those returns were examined and reviewed by the Bureau of Internal Revenue, taxpayers were not required to charge off upon their books the same amounts of depreciation as had been deducted from gross income in their income tax returns, provided they maintained appropriate auxiliary records and

furnished to or submitted for inspection by representatives of the Bureau sufficient detailed data or schedules to enable the Bureau's representatives to check or verify the correctness of the deduction taken.

29. Plaintiff filled out Reconciliation Schedule L on page three of its income tax returns for the years 1932-1935, showing that the depreciation deducted in its returns exceeded the depreciation charged off on its books for each of those years.

30. Irrespective of the discrepancy between the depreciation upon furniture and fixtures as charged off upon the books and as taken in the plaintiff's income tax returns for the years 1932-1935, inclusive, official revision of the depreciation schedules was not considered by the Bureau of Internal Revenue until an audit was made of a return showing a tax liability. [106]

31. In December, 1939, when Engineer Revenue Agent Clack called upon representatives of plaintiff to discuss a procedure for revision of plaintiff's depreciation schedules in connection with the Bureau's then pending examination of plaintiff's income tax returns for the years 1937, 1938 and 1939 and its pending reexamination of plaintiff's income tax return for the year 1936, the statute of limitation had already run with respect to the years 1932-1935, inclusive.

32. Subsequently the Revenue Agents made an audit for the years 1936 to 1939 and submitted reports covering those four years. Those reports were submitted by the field agents in 1941 or later and

included, inter alia, a revised schedule of depreciation of the furniture and fixtures for the years 1932-1935, inclusive, and a readjustment of the depreciable base as of December 31, 1935. The Revenue Agents "allowed" as the annual deductions for depreciation the amounts charged off on the books therefor and added to the unexhausted base as of December 31, 1935, the aggregate amount of excess depreciation deducted in the tax returns for each of the years 1932 to 1935, inclusive. This addition was disapproved by the Commissioner.

33. In auditing the returns for the years 1936 and 1937, the Commissioner determined that as of December 31, 1935, plaintiff's furniture and fixtures on hand had a useful life of 10 years from that date. Later in auditing the returns for 1938 and 1939 he determined that as of December 31, 1937, the same depreciable assets had a useful life of 10 years from that date and that new furniture and fixtures would have a useful life of 16⅔ years from date of purchase. (2d Stip. Par. 9.) [107]

34. In applying this determination to taxpayer's returns for 1938 and 1939, the Commissioner used the unexhausted depreciation base as of December 31, 1935, reflected on the tax return for the year 1935; took 1/10 thereof for each of the years 1936 and 1937, deducted the aggregate amount thereof from the unexhausted base as of December 31, 1935, and computed the residual value as of December 31, 1937. He then determined that 1/10 of the 1937 residual value was the amount of deduction allowable for depreciation on the same furni-

ture and fixtures for the years 1938 and 1939. In other words the Commissioner changed the rate of depreciation used by the taxpayer for the years 1936 to 1939, inclusive. There is no controversy with respect to the rates of depreciation used for 1936 to 1939, inclusive.

35. After the commencement of this action the parties agreed that the amounts charged off upon the plaintiff's books as depreciation of its furniture and fixtures in each of the years 1932 to 1935, inclusive, were a reasonable provision for such depreciation in those years.

36. The Commissioner has consistently used the cost of plaintiff's furniture and fixtures as taken from the books of the plaintiff in computing its allowance of depreciation of that property.

37. On April 21, 1945, Transamerica Corporation filed amended consolidated corporation income tax returns, including therein amended income tax returns of plaintiff, for the years 1932 and 1933; and on the same data plaintiff filed amended income tax returns for the years 1934 and 1935. Those amended returns showed that plaintiff (for income tax purposes) sustained net losses in each of those four years. In each of those amended returns plaintiff recomputed its [108] deduction for depreciation of furniture and fixtures to conform to the depreciation of that property as charged off upon its books for those same years.

38. Under the established administrative practice of the Bureau of Internal Revenue during the period now under review, when amended returns

are filed by any taxpayer such returns are given consideration and are acted upon only if filed within the statutory period of limitation applicable to the period covered by the amended return.

39. Up to the time of the execution of the two stipulations of fact submitted and filed in this proceeding, the Bureau of Internal Revenue has never given any consideration to the amended returns filed by or in behalf of plaintiff in April, 1945, for the years 1932-1935, inclusive.

40. The Commissioner "allowed" the deductions taken from the plaintiff's gross income as depreciation of furniture and fixtures in the original income tax returns filed for the years 1932-1935, inclusive.

41. The Commissioner's allowances of depreciation on furniture and fixtures used in the plaintiff's business of $380,762.15 for the year 1938 and of $419,718.48 for the year 1939 on the adjusted cost basis used by him are fair and reasonable.

Conclusions of Law

1. The Commissioner of Internal Revenue correctly held that the rule recently announced in the case of Virginian Hotel Co. v. Helvering, 319 U. S. 523, governs here in the determination of depreciation bases as of December 31, 1935, for the purpose of computing the allowance of depreciation upon plaintiff's furniture and fixtures for the years 1938 and 1939. [109]

2. The total deductions taken from its gross income in the income tax returns filed by or on behalf

of the plaintiff for the years 1932-1935, inclusive, as depreciation of banking furniture and fixtures used in the business during those years were "allowed" by the Commissioner of Internal Revenue within the meaning and intent of Section 113(b)(1)(B) of the Revenue Act of 1938 and of the Internal Revenue Code.

3. In adjusting the basis as of December 31, 1935, upon which depreciation is allowable to the plaintiff upon the banking furniture and fixtures used in its business during the years 1938 and 1939 pursuant to Sections 113(b)(1)(B) and 114(a) of the Revenue Act of 1918 and of the Internal Revenue Code, the Commissioner properly charged against the cost of that property all depreciation which had been allowed with respect thereto under its income tax returns for tax years prior to and including December 31, 1935.

4. The Commissioner's allowance for depreciation of plaintiff's banking furniture and fixtures in the amounts of $380,762.15 for the year 1938 and of $419,718.48 for the year 1939 on the adjusted cost basis used by him and approved herein are fair and reasonable.

5. The Commissioner of Internal Revenue is not bound herein by the acts or reports of his field agents which he has refused to approve.

6. The Commissioner did not err in failing or refusing to give consideration herein to the amended income tax returns for the years 1932-1935, inclusive, which were filed by or in behalf of the plaintiff in April, 1945.

7. The facts and the law are with the defendant as to the deductions from its gross income which are claimed by the plaintiff for the years 1938 and 1939 as additional depreciation of banking furniture and fixtures used in its business during those years; and the plaintiff is not entitled to any recovery herein upon that ground. [110]

8. Under stipulation of the parties, made without prejudice as to the determination of any other issue herein, plaintiff is entitled to additional deductions for depreciation of banking premises (buildings) used in its business to the extent of $50,209.52 for the year 1938 and of $30,981.86 for the year 1939. Upon the basis of this agreed readjustment to plaintiff's net income as determined by the Commissioner, the plaintiff, on March 17, 1942, overpaid its income and excess-profits taxes and deficiency interest paid thereon to the defendant as follows:

Year	Tax	Deficiency Interest	Total Overpayment
1938	$ 8,284.57	$1,475.48	$ 9,760.05
1939	5,112.00	603.73	5,715.73
	$13,396.57	$2,079.21	$15,475.78

and plaintiff is entitled to recover a judgment against the defendant for that aggregate sum of $15,475.78, together with interest thereon to be computed from and after the date of payment thereof (March 17, 1942), as provided by Section 177(b) of the Judicial Code, as amended by Section 808 of the Revenue Act of 1936 (28 U.S.C. 1940 ed. Sec. 284).

9. The foregoing findings of fact and conclusions of law are ordered to be filed and made part of the record herein, and the Clerk of this Court is directed to enter judgment accordingly.

Signed at San Francisco, California, this 13th day of January, 1947.

A. F. ST. SURE,
United States District Judge.

[Endorsed]: Filed Feb. 4, 1947. [111]

In the District Court of the United States for the Northern District of California

No. 24039-S

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a National Banking Association,

Plaintiff,

vs.

UNITED STATES OF AMERICA,

Defendant.

JUDGMENT

The cause having come on regularly for trial on August 1, 1946, before the Court, sitting without a jury, George H. Koster, Esq., appearing as attorney for plaintiff, and William E. Licking, Esq., Assistant United States Attorney, appearing as attorney for defendant, and the cause having been

submitted to the Court for consideration and decision, and the Court after due deliberation having filed its findings and ordered that judgment be entered herein in favor of the plaintiff for over-payment of income taxes and deficiency interest paid thereon in amounts of $9,760.05 for the year 1938 and $5,715.73 for the year 1939. [112]

Now, Therefore, by virtue of the law and by reason of the findings aforesaid,

It Is Ordered, Adjudged and Decreed, that plaintiff do have and recover against the defendant the sum of $15,475.78, together with interest thereon to be computed as provided by law at the rate of 6% per annum from March 17, 1942, to a date preceding the date of refund thereof by not more than thirty days; and plaintiff is entitled to costs and disbursements in this action expended in the amount of $19.40.

Dated at San Francisco, California, this 13th day of March, 1947.

A. F. ST. SURE,
Judge of the United States
District Court.

Approved as to Form as provided in Rule 5(d).

/s/ GEORGE H. KOSTER,
Attorney for Plaintiff.
/s/ WILLIAM E. LICKING,
Assistant United States Attorney, Attorney for Defendant.

[Endorsed]: Filed and Entered March 14, 1947.

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Bank of America National Trust and Savings Association, a national banking association, plaintiff, above named, hereby appeals to the Circuit Court of Appeals for the Ninth Circuit from the final judgment entered in this action on March 14th, 1947.

/s/ GEORGE H. KOSTER,

Attorney for Plaintiff and Appellant.

Dated June 9th, 1947.

[Endorsed]: Filed June 9, 1947. [114]

[Title of District Court and Cause.]

COST BOND ON APPEAL

The premium charged for this bond is $10.00 per annum.

Whereas, Bank of America National Trust & Savings Association (a National Banking Association) has prosecuted or is about to prosecute an appeal to the United States Circuit Court of Appeals for the Ninth Circuit from a judgment entered in the above entitled action on the 14th day of March, 1947.

Know All Men by These Presents:

That we, Bank of America National Trust & Savings Association a National Banking Association), as Principal, and Fidelity and Deposit Company of Maryland, a corporation organized and existing under and by virtue of the laws of the State of Maryland and duly authorized to transact business in the State of California, as Surety are held and firmly bound in the full and just sum of Two Hundred Fifty and no/100 ($250.00) Dollars, lawful money of the United States of America to be paid to the said Defendant, United States of America, for which payment well and truly to be made we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents. [115]

Now, Therefore, the condition of this obligation is such that if the said Principal, Bank of America National Trust & Savings Association (a National Banking Association) will prosecute its appeal to effect and answer all costs if it fails to make good

its appeal, not exceeding however the sum of Two Hundred Fifty and no/100 ($250.00) Dollars, then this obligation shall be null and void, otherwise to remain in full force and effect.

And further, it is expressly understood and agreed that in case of a breach of any condition of the above obligations, the Court in the above entitled matter may, upon notice to the Fidelity and Deposit Company of Maryland, of not less than ten (10) days, proceed summarily in the action or suit in which the same was given to ascertain the amount which said Surety is bound to pay on account of such breach, and render judgment therefor against it and award execution therefor.

Signed, Sealed and Dated this 9th day of June, 1947.

FIDELITY AND DEPOSIT
COMPANY OF MARYLAND,
By GUERTIN CARROLL,
Attorney-in-Fact.

Attest:

G. KEHLENBACK,
Attesting Agent.

[Seal] BANK OF AMERICA
NATIONAL TRUST &
SAVINGS ASSOCIATION
(a National Banking
Association),

[Seal] By S. B. BEISE.
Exec. Vice President,

[Seal] By A. C. MEYER,
Secretary.

[Endorsed]: Filed June 9, 1947. [116]

[Title of District Court and Cause.]

DESIGNATION OF CONTENTS OF RECORD ON APPEAL

Appellant, plaintiff in the above entitled action, designates the following portions of the record, proceedings and evidence to be contained in the record on appeal in the above entitled action.

1. The amended complaint.
2. The answer to the amended complaint.
3. Stipulation of Facts No. 1.
4. Stipulation of Facts No. 2.
5. All exhibits (1 to 17) to Stipulation of Facts.
6. Plaintiff's Motion to Set Aside Order of Submission and to Reopen Case.
7. Defendant's Opposition to Plaintiff's Motion to Reopen Case. [117]
8. Court's Opinion filed December 5, 1946.
9. Order of the Court filed December 30, 1946.
10. Findings of Fact and Conclusions of Law.
11. Judgment entered March 14, 1947.
12. Notice of Appeal with Date of Filing.
13. Bond for Costs on Appeal.
14. Statement of Points to Be Relied Upon on Appeal.
15. Transcript of Docket Entries.
16. This Designation.

/s/ GEORGE H. KOSTER,
Attorney for Appellant.

[Acknowledgment of service.]

[Endorsed]: Filed June 12, 1947. [118]

[Title of District Court and Cause.]

STATEMENT OF POINTS TO BE RELIED UPON ON APPEAL

Appellant, plaintiff in the above entitled action intends to rely upon the following points on the appeal of the above entitled action:

1. The District Court erred in deciding that plaintiff is entitled to a deduction for the years 1938 and 1939 for depreciation of furniture and fixtures only as allowed by the Commissioner of Internal Revenue in the amount of $380,762.15 and $419,-718.48 respectively, instead of the higher amount claimed by plaintiff in its complaint in this proceeding.

2. The District Court erred in its conclusion of law sustaining the Commissioner of Internal Revenue in reducing [119] plaintiff's cost of its furniture and fixtures by admittedly excessive depreciation for the years 1932 to 1935 inclusive, to determine the basis for computing the depreciation deduction for later years.

3. The District Court erred in deciding as a matter of law that the Commissioner "allowed" the depreciation deducted by the petitioner on its original return for the years 1932-1935 within the meaning of the term "allowed" as used in Section 113(b)(1)(B) of the Internal Revenue Code.

4. The District Court erred in failing to decide as a matter of law (a) that the Commissioner of

Internal Revenue was bound to accept the determination of his agents as to the correct depreciation allowance for the years 1932 to 1935, (b) that the Commissioner of Internal Revenue could not reject the determination and allowance made by his agents and could not in lieu thereof make a determination "allowing" a depreciation deduction for those years not authorized by the income tax statutes applicable to those years.

5. The District Court erred in deciding as a matter of law that "disclosure of the excessive depreciation claimed and disallowance of its deduction by revenue agents or by the Commissioner does not authorize the latter to rectify the taxpayer's mistake or error of judgment."

6. The District Court erred in deciding as a matter of law that there is no basis for a different conclusion in this case than the conclusion reached by the U. S. Supreme Court in the case of Virginian Hotel Corporation of Lynchburg vs. Helvering, 319 U. S. 523.

7. The District Court erred in failing to conclude that under the circumstances of the case the Commissioner had no authority to allow a depreciation deduction for the years 1932 to [120] 1935 in excess of the amount allowable under the income tax statutes applicable to those years.

8. The District Court erred in failing to decide as a matter of law that the correct basis for depreciation of furniture and fixtures as of December 31,

1935, is the cost of said furniture and fixtures reduced by the stipulated correct depreciation allowable for the years 1932 to 1935 rather than the cost reduced by the erroneous depreciation deducted on the original income tax returns for those years.

9. The District Court erred in failing to decide as a matter of law that the plaintiff corrected its erroneous returns for 1932 to 1935 by requesting the Commissioner and his agents to correct the depreciation taken as a deduction thereon, and by the filing of amended returns for those years which did report the correct depreciation deduction.

10. The District Court erred in denying plaintiff's motion to reopen the case to introduce evidence of the fact that after the filing of the Stipulation of Facts, the Commissioner of Internal Revenue through his Agents did consider the amended returns filed by the plaintiff for the years 1932 to 1935 inclusive and accepted them as correct.

11. The District Court erred in failing to give judgment for plaintiff in the full amount prayed for in the complaint.

/s/ GEORGE H. KOSTER,
Attorney for Appellant.

[Acknowledgment of service.]

[Endorsed]: Filed June 12, 1947. [121]

[Title of District Court and Cause.]

ORDER EXTENDING TIME WITHIN WHICH TO FILE RECORD ON APPEAL

Upon motion of plaintiff, there being no objection and good cause appearing, it is hereby ordered and decreed that the time within which the record on appeal may be filed and the action docketed in the Circuit Court of Appeals be and hereby is extended to and including September 6, 1947.

MICHAEL J. ROCHE,
Judge of the District Court.

Dated July 14, 1947.

[Endorsed]: Filed July 14, 1947. [122]

[Title of District Court and Cause.]

DOCKET ENTRIES

1944

Nov. 25—Filed complt iss sum

Nov. 29—Filed summons ret ex 11-27-44

1945

Jan. 24—Filed stip ex time to plead—U. S.

Feb. 21—Filed stip ex time to plead.

Mar. 26—Filed stip ex time to ans.

Mar. 26—Filed ans. Mailed no.

Apr. 9—Ord set for trial Sep 25.

Sept. 11—Ord trial cond from Sept 25 to Nov 13.

Oct. 30—Ord con Nov 13 to be reset for trial.

Nov. 13—Ord set for trial Jan 29.

Nov. 27—Filed mo to file amended complt.

Nov. 27—Filed amended complt.

Dec. 12—Filed ans to amended complt.

1946

Jan. 7—Ord con Apr 9 for trial.

Jan. 7—Filed no of mo for iss subppoena duces tecum, etc.

Jan. 7—Filed no of taking depns.

Jan. 7—Filed mo for continuance date of trial.

Apr. 9—Trial without jury, briefs to be filed 35, 40 & 10.

1946

Apr. 9—Con June 24 for subm.

Apr. 9—Filed stip for facts No. 1.

Apr. 9—Filed stip for facts No. 2.

Apr. 9—Filed opening statement.

June 24—Ord con July 15 for subm.

June 24—Filed pltff's opening brief & 2 copies.

July 15—Ord con to Aug 1 for subm.

July 29—Filed pltf's reply brief.

July 30—Filed brief for the U. S.

Aug. 1—Filed deft's request for findings of fact. Lodged findings. Ord case be submitted to court for consideration & decision.

Oct. 14—Filed mo for ord to set aside ord of submission & to reopen case for rec additional evidence.

Oct. 14—Filed notice of motion.

Oct. 21—Ord con Oct 28. [123]

Oct. 28—Filed stip that hearing on pltff's mo to reopen case cont to Nov 25.

Nov. 22—Filed deft's opp to pltff's mo to reopen for receiving additional evidence.

Nov. 25—Ord mo to set aside submission & reopen case be submitted to court for consid & decision.

1946

Dec. 5—Ord mo to reopen denied; furth ord judgt be ent for pltff with costs upon findings to be prepared by atty for deft.

Dec. 5—Filed ord.

Dec. 5—Filed opinion.

Dec. 16—Lodged findings of fact & conclusions of law.

Dec. 24—Filed objections to proposed findings. Lodged pltff's findings.

Dec. 31—Filed ord nunc pro tunc denying mo to reopen.

Dec. 31—Filed reporter's trans Nov 25.

1947

Feb. 4—Filed findings of fact & conclusions of law.

Mar. 7—Lodged judgt.

Mar. 7—Filed memo of costs & disbursements.

Mar. 14—Filed & ent judgt for pltff $15,475.78 plus interest. Closed. Mailed no.

June 9—Filed no appeal. Mailed no.

June 9—Filed cost bond on appeal.

June 9—Filed desig of contents of record.

June 9—Filed statement of pts to be relied on.

July 9—Filed stip withdrawal of cert docs.

July 14—Filed ord ex time docket recevd.

July 14—Filed no of extension. [124]

District Court of the United States
Northern District of California

CERTIFICATE OF CLERK TO TRANSCRIPT OF RECORD ON APPEAL

I, C. W. Calbreath, Clerk of the District Court of the United States, for the Northern District of California, do hereby certify that the foregoing 125 pages, numbered from 1 to 125, inclusive, contain a full, true, and correct transcript of the records and proceedings in the matter of Bank of America National Trust and Savings Association, etc., Plaintiff, vs. United States of America, Defendant, No. 24039-S, as the same now remain on file and of record in my office.

I further certify that the cost of preparing and certifying the foregoing transcript of record on appeal is the sum of $14.20 and that the said amount has been paid to me by the Attorney for the appellant herein.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said District Court at San Francisco, California, this 29th day of August, A.D. 1947.

[Seal] C. W. CALBREATH,
Clerk.

/s/ M. E. VAN BUREN,
Deputy Clerk. [125]

EXHIBIT No. 3

[Letterhead Treasury Department]

Office of Internal Revenue Agent in Charge, San Francisco Division

February 26, 1942

Bank of America N.T. & S.A.
300 Montgomery Street,
San Francisco, California.

In re: Income Tax
Date of Report: February 18, 1942
Year(s) Examined: 1938 and 1939

Sirs:

There is enclosed for your information and files a copy of a report covering the examination of your income tax returns(s) for the year(s) indicated, recently made by a representative of this office. You have indicated your agreement to the adjustment of tax liability shown in the report.

The item checked below explains briefly how settlement of the agreed tax liability will be accomplished through the office of the Collector of Internal Revenue for your district.

Respectfully,

/s/ F. M. HARLESS,
Internal Revenue Agent
in Charge.

Enclosure.

[x] Deficiency: The Collector will present to you at an early date a bill for payment of the tax, together with interest, at which time remittance should be made to that official, provided you have not already paid the full amount due.

[ ] Net Deficiency: After the overassessment(s) have been certified to the Collector by the Commissioner of Internal Revenue, you will be presented with a bill for the amount due, at which time remittance should be made to the Collector.

[ ] Net Overassessment: After the overassessment(s) have been certified to the Collector by the Commissioner of Internal Revenue, you will be advised as to how the overassessments have been applied, and will receive a check for the amount due you.

[ ] Overassessment: After the overassessment(s) have been certified to the Collector by the Commissioner of Internal Revenue, you will receive a check in payment of the overassessment and interest, provided there are no outstanding taxes against which the amount should be credited.

Treasury Form 886-T
Treasury Department, Internal Revenue Service
Revised Feb. 1938

Date of report, February 18, 1942

Name of Taxpayer: Bank of America N. T. & S. A.

STATEMENT OF TOTAL TAX LIABILITY

Adjustments Proposed in this Report

Income Tax

Year	Tax Previously Assessed	Deficiency	Over-assessment	Correct Tax Liability	Penalty
12/31/38	$ 697,171.74	$158,620.46	$.....	$ 855,792.20	$.....
12/31/39	562,447.33	97,477.46	$.....	659,924.70	$.....
Total	$1,259,619.07	$256,097.92	$.....	$1,515,716.99	$.....

Excess-Profits Tax

1938	$ No Change	$	$.....	$	$.....
1939	No Change	.....	.....	.....	.....
Total	$	$	$.....	$	$.....
Grand Total	$	$	$.....	$	$.....

Note: The amount shown in the first column of the above statement is the amount assessed on the original return, except as indicated in the following summary of adjustments previously made.

Year 19.....

	Income Tax	Excess-Profits Tax	Penalty
Original Tax	$.....	$.....	$.....
Deficiency assessed, 19....., or Over-assessment schedule, 19....., ...	.....	.....	.....
Net Tax Previously Assessed....	$.....	$.....	$.....

Preliminary Statement

Taxpayer: Bank of America N.T. & S.A.
Examining Officer: K. D. Farr

The schedules following this page contain a revision of the taxable income for the years indicated and a computation of the corrected tax liability.

TABLE OF CONTENTS

Schedule
I Computation of net income—1938
II Computation of tax—1938
III Computation of net income—1939
IV Computation of tax—1939

Exhibit
A Net income per books
B Reconciliation of net income
C Analysis of reserves
D Analysis of reserve for taxes
Original and supplemental depreciation report.

Principal causes of change in tax liability: Depreciation and bad debts.

All adjustments were discussed with Mr. R. G. Smith, Exec. Vice President.

Financial History:

The taxpayer corporation was organized as a National Bank under the laws of the United States March 1, 1927, with a paid up capital of 200,000 shares par value $100.00 per share and a capital surplus of $10,700.00. This bank was an outgrowth of the Bank of Italy. Changes in the capital structure are as follows:

SCHEDULE No. I

Computation of Net Income
1938

Net income per return (see Exhibit B)		$12,085,924.40
Additions		
(a) Donations	$ 7,724.00	
(b) Depreciation of "Other Real Estate"	106,702.13	
(c) Delinquent taxes J. P. Holland, Inc. property	7,066.03	
(d) Expense to take over banks	157,806.24	
(e) Taxes, Exhibit D	38,632.12	
(f) State and County taxes	14,852.69	
(g) Loss sale stock	2,403.00	
(h) Loss on bonds	322,833.60	
(i) Capital expenditures	29,605.80	
(j) Excessive depreciation	300,946.11	
(k) Rents	11,616.43	1,000,188.15
		$13,086,112.55
Deductions		
(l) Dividends received from Transamerica Corp.	$ 3,416.06	
(m) Additional loss on sales	12,376.14	
(n) Capital stock tax	958.00	
(o) Recoveries	13,805.47	
(p) State franchise tax	11,200.00	41,755.67
Net income as adjusted		$13,044,356.88

SCHEDULE No. I-A

Explanation of Items

(a) The following donations made by the taxpayer during the current year do not meet the requirements of section 23(q) of the Revenue Act of 1938 and are disallowed as a deduction:

U. S. Chamber of Commerce	$ 500.00
International Air Race Assn	875.00
Alameda Naval Air Base Com. to secure land	1,121.00
Shrine Convention	751.00
City Transportation Survey Com. L. A.	2,677.00
Civic Center Union Station L. A.	1,800.00
	$7,724.00

SCHEDULE No. III

Compilation of Net Income
1939

Net income per return (See Exhibit B)		$10,006,392.07
Additions		
(a) Donations	$ 10,373.00	
(b) Loss sale silver bullion	20,830.00	
(c) Delinquent taxes Table Mtn. Irr. Dist.	15,856.24	
(d) Dollar S.S. Co. stock written off	3,027.50	
(e) Bond reserve	77,075.97	
(f) Stock reserve	2,578.86	
(g) Loss on bonds	178,126.02	
(h) Taxes Exhibit D	4,041.32	
(i) State and County taxes	51,370.00	
(j) Loss Platt Music Co.	915.00	
(k) Capital expenditures	13,512.34	
(l) Capital expenditures	303,322.39	
(m) Rents	71,282.23	752,310.87
		$10,758,702.94

Deductions

(n) Donation S. F. Bay Exposition	$ 64,445.34	
(o) Dividends received Transamerica Corp.	5,283.69	
(p) Additional loss on sales	4,228.94	
(q) Capital stock tax	1,566.00	
(r) Recoveries	12,934.89	
(s) State franchise tax	77,570.60	166,029.46
Net income as adjusted		$10,592,673.48

SCHEDULE No. III-A

Explanation of Items

(a) The following donations made by the taxpayer during the current year do not meet the requirements of section 23(q) of the Revenue Act of 1938 and are disallowed as a deduction:

United States Chamber of Commerce	$ 500.00
California Crusaders	600.00
Ham and Eggs Campaign	5,640.00
Alameda Naval Air Base, Com	1,121.00
Elwood J. Robinson	1,635.00
Associated Farmers of So. Cal	287.00
Civic Center Union Station, L. A	590.00
Total	$10,373.00

Appraisal Unit: Engineering and Valuation Group
San Francisco Division

Depreciation Report

Bank of America National Trust & Savings Association
San Francisco, California

Years: 1938, 1939 and 1940

San Francisco, California.
November 14, 1941.

Internal Revenue Agent in Charge,
San Francisco, California.

In the income tax returns of the above named corporation for the years 1938, 1939 and 1940, deductions are depreciation, repairs and maintenance, and as losses on sales of real estate, were shown in the following amounts:

(These deductions are listed as shown in the returns although in a number of instances the nature of the deduction taken is not correctly reflected by the heading under which it is listed.)

1938

Depreciation—Line 24.

Bank Premises Owned	$ 318,743.70
Bank Premises Leased	97,723.41
Safe Deposit Equipment	106,564.14
Bank Fixtures	432,563.74
Furniture	227,582.63
Addressograph	1,223.83
Autos	17,953.90
Restorations	4,983.15
Real Estate Subdivision Improvements	2,027.33
Other Real Estate Improvements	48,844.43
	$1,258,210.26

Depreciation included in "Rent"—Line 17 (Paid Merchant's National Realty Cor.—not included in above)	$ 345,889.09
Repairs — Line 18	127,328.26
Items included in "Other Deductions"—Line 26.	
Maintenance — Bank premises	1,690,078.28
Other Real Estate Expense	177,048.21
Losses on Sales of Real Estate—Schedule E	58,782.76

1939

Depreciation — Line 24

Bank Premises owned	$ 309,357.10
Bank Premises leased	155,530.50
Safe Deposit Equipment	61,050.69
Bank Fixtures	403,492.50
Furniture	291,493.76
Addressograph	1,789.99
Autos	22,036.20
Restorations	14,420.13
Real Estate Subdivision Improvements	1,251.50
Other Real Estate Improvements	107,510.31
Total	$1,367,932.73

Depreciation included in "Rent"—Line 17 (Paid Merchant's National Realty Corp.—not included in above.)	366,516.78
Repairs — Line 18	148,128.74
Items included in "Other Deductions"—Line 26	
Maintenance—Bank Premises	1,632,707.50
Other Real Estate Expense	167,564.96
Losses on Sales of Real Estate—Schedule F	$ 173,588.31

1940

Depreciation — Line 24	
Bank Premises (Owned and Leased)	$ 523,741.63
Safe Deposit Equipment	69,241.85
Bank Fixtures and Furniture	788,101.51
Autos	22,990.78
Restorations	1,744.08
Other Real Estate Improvements	160,090.19
Total	$1,565,910.09
Depreciation included in "Rent"—Line 17 (Paid Merchant's National Realty Corp.—not included in above.)	
Repairs — Line 18	625,299.78
Items included in "Other Deductions"—Line 28	
Maintenance — Bank Premises	716,808.35
Other Real Estate expense	179,092.05
Losses on Sales of Real Estate—Schedule D	172,020.80

An examination of the taxpayer's records at the time the investigation of this case was commenced disclosed almost immediately that at least a year's work, if not more, would be required to ascertain the facts necessary for a complete and accurate determination of the correctness of the deductions claimed in the years now under consideration, and of the adjustments that should be made in them if they were found incorrect, and that even then nu-

merous questions of fact would probably remain more or less uncertain.

> (The taxpayer owns, or occupies under lease, nearly five hundred "bank premises" in California, which have been acquired in prior years in various ways, and any accurate determination of the correctness of the amounts set up by the taxpayer as the costs of the buildings, bank fixtures, and furniture so acquired would require an inspection of the properties and in many instances an examination of the records of the individual banks. In addition to that fact, the taxpayer had no taxable income during the years 1931-1935 and no detailed examination of its returns was made for any of those years, and as it has been found that numerous actions shown in the taxpayer's books as taken during those years were not correct for income tax purposes, and that the effect of many of those actions extends into the subsequent years, the present investigation in fact covers a period of ten years.)

Such facts as have been ascertained during the investigation which has been made indicate strongly that in a number of individual instances the amount set up by the taxpayer as the cost of one or another of the numerous properties on which depreciation is claimed, and which were acquired by this taxpayer, or its predecessors, at various dates in prior years; in some instances through direct purchase of the depreciable items, and in others, through the

exchange of stock or other securities for groups of depreciable and non-depreciable assets, do not represent the correct base for depreciation, and that the correctness of the accrued reserves shown on the books are in a number of instances subject to question.

The investigation that has been made, however, also indicates that in a substantial percentage of the instances where the costs and reserves set up appear subject to question, either the cost shown is less, or the reserve is greater, than might be found allowable as result of a thorough investigation, and it is not at all certain that if such an investigation were made the total difference between the adjustments that would be found to be required, and those hereinafter recommended would be sufficient to justify the extensive amount of time and labor that such an investigation would require.

The fact also that State or Federal bank examiners (or both) have as a general rule passed upon the amounts set up as the costs of properties purchased or "taken over" and have approved them, indicates that they were considered as fairly representing the value of the properties, even though it does not establish their correctness for income tax purposes.

The adjustments hereinafter recommended (which are substantial in amount, and to which the taxpayer has agreed) in the deductions claimed by the taxpayer, have therefore been determined on the basis of the amounts set up by the taxpayer as the costs of its depreciable assets, and the remaining

costs of these assets as shown by the book reserves, except in a comparatively few instances, in which either the book cost or reserve was obviously incorrect, and the correction that should be made was determinable. The general facts and conditions which should be given consideration in the review and approval or disapproval of the recommendations hereinafter made are as follows:

This corporation was organized as of March 1, 1927, under the name of Bank of Italy National Trust and Savings Association, that name being changed to the present one, as of November 3, 1930. The taxpayer at that time acquired, in which is understood to have been considered a non-taxable transaction, a number of the bank properties which it now owns, and numerous others have been purchased or required by it since then in one manner or another; the taxpayer at this time is carying on banking operations in some 490 different locations in the State of California.

The larger number of the taxpayer's main and branch banks are located in buildings which it owns, but a very considerable number are located in buildings owned by a corporation, the Merchants National Realty Corporation, of which 100% of the capital stock is owned by the taxpayer. These latter properties are occupied under an agreement in which the rental is based upon the cost of operation, repairs and maintenance, including depreciation, and recommendation is later made herein that the rental shown as paid, under Line 17, of the taxpayer's returns, be reduced by the amount of the

adjustments which it has been found should be made in the depreciation claimed in the returns of the Merchants National Realty Corporation, on the numerous buildings which it owns, and which are occupied by the taxpayer.

In addition to the buildings owned by the taxpayer and its subsidiary, the Merchants National and Realty Corporation, the taxpayer also occupies a number of buildings under leases of various terms, to which, in a number of instances it has made extensive improvements. The costs of these improvements, which should be written off over the terms of the respective leases, it has been found, are being incorrectly amortized, in a number of instances, and corresponding adjustments in the amounts claimed on this group have also been made.

The taxpayer's 1938 return shows the cost, as of December 31, 1937, of the Safe Deposit Equipment, Bank Fixtures (this group includes counters, grilles and other bank fixtures not readily movable, but not considered as attached to, or forming part of the cost of, the buildings), and Furniture, as follows:

Safe Deposit Equipment	$5,675,701.11
Bank Fixtures	8,631.090.38
Furniture	5,363,463.17

Depreciation is computed by the taxpayer on these three groups of assets, at rates based on the estimated average serviceable life of the items in each group, whether located in buildings owned by the taxpayer or in buildings occupied under lease, and regardless of the life of the building or of the term of the lease. This procedure is followed, it is stated,

because of the fact that all of these items are movable (this including safe deposit boxes, vault doors, time locks, etc., but not vault walls, which are included in building costs) and it being considered that the rate of depreciation applicable (the same rate is applied to all items in each group) should be based on the serviceable lives of the items themselves, a view which appears reasonable and to which no exception need be taken.

Prior to 1932 the depreciation reserves shown on the taxpayer's books were the same as those shown in its income tax returns. In 1932 however the taxpayer came to the conclusion that the rates and amounts of depreciation previously used and written off annually, on its books and in its returns, on the assets in the three groups, Buildings, Bank Fixtures and Furniture, were greater than justifiable, and after a study had been made of the condition, probable remaining lives, and the remaining costs of the assets in these three groups, the rates of depreciation and the amounts previously being written off annually were rather sharply reduced, on the books.

No reduction was made, however, until 1938, in the amounts of depreciation claimed annually in the corporation's income tax returns, from the amounts claimed prior to 1932, the explanation of that action now made being that since large losses were shown in the taxpayer returns for all of the years 1932-1935 inclusive, the amount of depreciation claimed in its returns did not appear of any importance. That explanation appears entitled to consideration

at least in so far as the losses reported are concerned, as a revenue agent's report dated June 27, 1939, covering, the taxpayer's 1937 return, states that the "net loss per return" shown in the years referred to were as follows:

1931	$ 8,066,425.75
1932	12,047,167.29
1933	10,827,436.79
1934	14,267,429.28
1935	11,665,034.70

The taxpayer's return for 1936 as filed showed a net loss of $393,118.56, and its return for 1937 showed taxable income of only $239,472.31, depreciation being claimed in each of these returns at the same rates as claimed in the returns for the years 1932-1935, and in amounts substantially in excess of the amounts written off on the books. (For the years 1938, 1939 and 1940, depreciation was claimed in the returns in the same amounts as on the books.)

In a revenue agent's report, dated March 31, 1938, covering the taxpayer's return for the year 1936, the examining officer states that "it would be necessary to produce approximately $400,000.00 additional income before any taxable income would result" and that it did not appear that any tax liability would result from an intensive examination, and no detailed examination was made, and a "no change" report was submitted.

In a supplemental report, dated June 27, 1939, covering the year 1936, however, the disallowance of depreciation on Bank fixtures and Furniture in the

total amount of $492,240.97, and the disallowance of depreciation on certain buildings (seventeen in number), in the amount of $84,045.00 was recommended. The disallowance of depreciation on Furniture and Fixtures was based on "spreading" the remaining cost at December 31, 1935, of these two groups, as shown in the taxpayer's returns, over a period of ten years from that date, and the disallowance on the buildings in question was based on spreading their remaining costs, as shown in the taxpayer's returns, over their estimated remaining lives.

The disallowance of depreciation for 1937, on Furniture and Fixtures, in the amount of $489,595.25 and in the amount of $93,705.69 on the buildings to which exception was taken in the report covering 1936, both computed on the same basis as in 1936, was also recommended in a report submitted under the same date as the 1936 supplemental report, both of these reports being made by the same officer.

The disallowance of depreciation on Furniture and Fixtures was protested by the taxpayer, but after a hearing before the Conference Unit of this office, the action of the agent was upheld; and based upon the disallowance of depreciation recommended, and other disallowances, a 90 day letter was issued, under date of March 21, 1940, in which deficiencies were asserted in the amounts of $408,324.01 for 1936, and $138,877.27 for 1937.

The taxpayer has filed an appeal from that ac-

tion and this information regarding the status of the years 1936 and 1937 is set forth in this report because of the fact that those years are now under consideration by the Technical Staff, and since the amount of depreciation allowable for subsequent years is dependent, to a certain extent at least, upon the action taken regarding the years 1936 and 1937, and since the amount of depreciation considered allowable for both those and subsequent years should obviously be determined on the same basis, the adjustments hereinafter recommended, for the years 1938, 1939, and 1940, and to which the taxpayer has agreed, have been computed on the same basis, for the years 1936 and 1937, and the taxpayer has also agreed that these adjustments may be made for those years in the final determination by the Staff of its tax liability for 1936 and 1937. (The Staff has requested that it be informed of any action taken regarding the later years, which will affect the years 1936 and 1937, and a report covering those years is being submitted under the same date as this report, outlining the facts which have been ascertained and the bases upon which the adjustments herein recommended for the years 1938-1940 have been determined, and setting forth for consideration of the Staff the adjustments for 1936 and 1937 which are recommended, and which the taxpayer now agrees to accept in the final determination of its tax liability for those years.)

The adjustments which are recommended in the deductions claimed by the taxpayer in its return for

1938, 1939 and 1940 will be discussed separately, under the headings under which they are listed in the returns.

Depreciation

Bank Premises Owned

The total cost of this group is shown in the taxpayer's 1938 return as $31,670,181.24, and the total of the accrued reserves on this group, at December 31, 1937, is shown as $5,918,813.18. The cost shown in the return however includes land, in the amount of $13,398,721.07, the cost of the buildings, subject to depreciation, at December 31, 1937, having been found, as shown in the attached schedule, to be $18,271,460.17.

A number of the buildings which comprise this group were erected and equipped by the taxpayer and there is no question as to their cost, or that of their fixtures and furniture. Others were acquired through direct purchase, for cash, of land and building only, or in some cases of land, building and bank fixtures, and the only question regarding their cost is as to the correctness of the allocation of the total cost between land and building, or land, building and fixtures. A large number of properties however, were acquired by the taxpayer, or a predecessor corporation, through the purchase or "taking over" of other banks, in transactions which included all of the assets and liabilities of the bank "taken over," and it would be a difficult matter in many of these cases to determine with any exactness the correctness of the amounts set up by the taxpayer as the costs of the depreciable assets.

An effort has been made to compare the "sound value" of the buildings, bank fixtures, and furniture, in the last described group, at the dates they were acquired by the taxpayer, with the amounts set up as their costs, but although it was found that in a number of instances the "sound values" and the costs shown were approximately the same, in many other instances the "sound value" found was so greatly in excess of, or so much less than, the cost shown, with no reason for the discrepancy being ascertainable, that it was apparent any such comparison would be of little value.

The "sound value" referred to, which were compared with costs, it may be stated, were determined from an appraisal which the taxpayer, following a controversy with the Comptroller of the Currency regarding the value of its assets, employed the American Appraisal Company to prepare in 1939. In that appraisal the type dimensions, general description and condition, of each building is set forth, the date of its erection and of subsequent additions, if any, is shown, and the estimated value in 1939 of each tract of land, and the estimated reproduction cost new and the value at that time of each building and of its furniture, fixtures and safe deposit equipment are set forth. The "sound values" of these assets at the dates they were acquired by the taxpayer were computed by the undersigned by estimating their reproduction cost at the date acquired, by converting the 1939 reproduction cost, as shown in the appraisal, to the various dates of acquisition, on the basis of the "Construction Cost Index and

Graph for the years 1913-1939," issued by the American Appraisal Company (using the percentages shown as applicable to the State of California), and then computing the accrued depreciation on each building from date of erection to the date acquired by the taxpayer, using in general, a fifty year life basis in the latter computation.

It may be stated further regarding that appraisal, that although it was found the data contained in it could not be used to verify the correctness of the amounts shown as the costs of these properties, and that the appraised values have been given no consideration in the determination of the depreciable base or of the rates of depreciation allowable, on the other hand, the data shown in the appraisal regarding the age of each building has been given careful consideration in the study which has been made as to the correctness of the accrued reserves shown on the taxpayer's books; and the age and estimated remaining life of each building, as shown in that appraisal have been used, and have been agreed to by the taxpayer, as a basis for determination of the rate of depreciation allowable on each building for the years now under consideration and for subsequent years.

> (That appraisal was made for the purpose of establishing the value of the taxpayer's properties, and since the long remaining life would obviously indicate a higher value than would be justified if a shorter remaining life were estimated, it is believed fairly certain, although no reflection on the appraisal company or the

taxpayer is intended by this statement, that the estimated remaining lives placed in the appraisal on the different buildings are as great as would be found justifiable if an independent investigation were now made of that question; the age and estimated remaining life of the majority of the buildings as shown in the appraisal being equal in fact to a total of from fifty to sixty-five years.)

The taxpayer maintains two separate records of the cost, accrued reserve, and rate and amount of depreciation claimed annually on each building; one for its own cost accounting system, and one for income tax purposes; and the amount of depreciation claimed on its returns is the total of the amounts computed on each building for income tax purposes. Substantially different amounts were claimed for income tax purposes, than were written off on the books, on decidedly the larger number of these buildings, during the years 1932-1935 in which the corporation had no taxable income, and also during 1936 and 1937, but in 1938 the taxpayer changed that procedure, and since then has claimed the same amount of depreciation in its returns as was written off each year on its books.

An examination of those records, and a study of such facts as have been ascertainable, including the data shown in the appraisal previously referred to, has disclosed that the amounts of depreciation claimed in the taxpayer's returns for the years 1932-1937 on the majority of these buildings were in excess of the amounts properly allowable, and that in

general the amounts written off on its books during these years, and also during the years now under consideration, in which the same amounts were claimed in the returns as were written off on the books, were somewhat less than allowable, on the basis of the costs and accrued reserves as shown by the books and the remaining lives of the different individual buildings as estimated in the appraisal.

This office received instructions, in a Bureau memorandum dated January 8, 1940, Symbols IT: F:FN, to the effect that in cases were excessive depreciation had been claimed in closed loss years, as result of the use of an incorrect basis, and where the facts were comparable to those in the Pittsburgh Brewing Company case, the opinion of the court in that case should be followed, and that in cases where the cost or other basis was not in doubt and the only question was one of life estimates and depreciation rates, no adjustment should be made in the amounts of depreciation taken in closed loss returns unless the amounts deducted in those years were plainly inadequate in accordance with the then known facts.

There is perhaps some question as to whether under those instructions any adjustment should now be made in the amounts of depreciation claimed in the taxpayer's returns for the years 1932-1935, all of which were loss years and are now closed. Since, however, the correctness of basis used in those years is doubtful, in so far as many of the individual buildings are concerned, and since it cannot be said that the "cost or other basis of the property was

not in doubt" nor that "the only question was one of life estimates and depreciation rates," it is believed that in this case the decision of the court in the case of the Pittsburgh Brewing Company should be followed and the adjustments hereinafter recommended have been determined on that assumption.

> (It is true that the cost of a number of individual buildings is not in doubt, but as a whole, the basis shown in the returns was incorrect. In addition to that fact, the taxpayer could almost without question, in the event of litigation, present convincing evidence that the basis used for many of the buildings was incorrect, and it appears improbable that either the Board of Tax Appeals, or a Court, would render a decision holding that an adjustment should be made of the excessive depreciation taken in closed loss years, only on the buildings where the correctness of the basis used was doubtful.)

Detailed scheduled have therefore been prepared for the years 1936 and 1937 now under consideration by the Technical Staff, showing for each building, its cost as shown by the taxpayer's books, the date of its erection and date of acquisition by the taxpayer or by a predecessor corporation from whom it was acquired by the taxpayer through a non-taxable transaction that did not require a change of basis, the accrued book reserve at December 31, 1931, the estimated remaining life and the remaining cost at that date, the amounts of depreciation

written off on the books and the amounts claimed in the taxpayer's returns during the loss years 1932-1935, and the rates and amounts of depreciation allowable for those and subsequent years on the cost of the building at December 31, 1931, and on subsequent additions; on the basis of the remaining cost of the building at that date, and its remaining life from that date, as determined on the basis of its remaining life from 1939 as estimated in the appraisal made in that year. (No facts have been ascertained which indicate that conditions during the years 1932-1935 would have caused the remaining lives of these buildings to have then been estimated on any different basis than in 1939.)

A separate set of detailed schedules has also been prepared for the three years 1938-1940 now under consideration, showing for each building, its cost, the accrued reserve at December 31, 1937, as adjusted in the schedules for 1936-1937, and the rates and amounts of depreciation allowable annually on that cost and on subsequent additions, as determined on the basis applied to the prior years. (The amount of depreciation written off on the taxpayer's books and claimed in its returns, on each building, is not shown in this latter set of schedules, the adjustments for those years being shown in total in the summary of these schedules hereafter referred to, which is attached.)

These detailed schedules, consisting of a total of 75 sheets, are being made a matter of record by the taxpayer and this office for use in subsequent years, but are not being incorporated in this report be-

cause of their bulk and the volume of work that would be required to put them in the proper form for that purpose. A copy of one sheet of each set is attached however, showing the manner in which they were prepared and as an example of the effect, in so far as the individual buildings are concerned, of the action taken and recommended for approval, and of the resulting adjustments.

Summary schedules showing in total for each year the effect of the adjustments in depreciation for the years 1936 and 1937, and for the years 1938, 1939 and 1940, on the group of assets designated "Bank Premises Owned," which have been determined on the basis previously described herein, and which are recommended, are also attached. (The adjustments which have been made in the amounts of depreciation claimed on these buildings in the taxpayer's returns for 1932 and subsequent years, have required corresponding adjustments in the gain or loss reported on about twenty of these properties which were sold by the taxpayer in 1938 and 1939, and a schedule of those adjustments is attached.)

Bank Premises Leased

A number of the buildings occupied by the taxpayer were erected by it on land held under a lease, and in a number of instances where both land and building and held and occupied under a lease, alterations in the building, to make it more suitable for banking purposes, which required substantial expenditures, have been made by the taxpayer.

These costs, which are properly amortizable over the terms of the respective leases, have been found in a number of instances to be, or to have been in prior years incorrectly amortized, and schedules showing the required adjustments, from the years 1936 and 1937, and for the years 1938, 1939 and 1940, are attached hereto.

Safe Deposit Equipment

Depreciation for all years has been computed by the taxpayer at a rate of 2% on this equipment, which includes safe deposit boxes, vault doors and time locks, which are considered as removable and as having a life independent of the buildings in which they are located. No adjustment has been made in the amounts of depreciation claimed on this group of assets, and the allowance of the amounts claimed is recommended.

(The amount of $106,564.14 shown as claimed in the 1938 return as depreciation on this equipment, which it will be noted is substantially greater than the amounts claimed in 1939 and 1940, has been found to include a loss of $40,949.45 on safe deposit equipment, shown to have cost $72,412.57, on which depreciation in the amount of $21,570.12 had previously been allowed, which was abandoned at the time the taxpayer discontinued operation of one of its branch banks, and of which only a part, which then had a depreciated cost of $9,893.00 could be salvaged. It is believed that rate of depre-

ciation applied to this group of assets justifies the allowance of this loss, which is recommended accordingly.)

Bank Fixtures

The facts previously outlined under "Bank Premises Owned" apply in a large measure to this group of assets, and the adjustments recommended, which are quite substantial, have been determined on the basis of the costs and reserves shown on the taxpayer's books for each individual group, as it appears probable that the changes which might be made in the amounts allocated as the costs of bank fixtures in some instances would to a large extent off-set each other and would not materially change the total result.

In the taxpayer's returns for the years 1932-1935 depreciation was claimed on this group in amounts greatly in excess of the amounts written off on its books and so greatly in excess of the amounts allowable, that even if the correctness of the base were not in doubt, it is questioned whether in the event of litigation, a determination of depreciation for subsequent years, based on only the remaining cost of these assets at December 31, 1935, as shown by the returns could be sustained, as the difference between the amounts allowable on that basis, and the amounts claimed in the 1932-1935 returns, from which the taxpayer received no benefit, is so great that the amounts claimed in the returns appears unreasonable. (For example, the depreciation allow-

able annually for 1936 and subsequent years, on the fixtures of the taxpayer's San Jose Main Office, on the basis of spreading their remaining cost at December 31, 1935, as per the tax returns, over a ten year period, would be $1,845.32, as compared with the amount of $4,997.16 claimed annually in the 1932-35 returns.)

Detailed schedules have been prepared for the years 1936 and 1937, showing for the fixtures of each bank (both owned and leased), their cost, date acquired, the accrued reserve at December 31, 1931 (the reserves per books and per returns were the same at that date), the depreciation per books, and the amounts claimed in the tax returns for the years 1932-1935, the amounts that would have been allowable annually during those years on the basis of spreading their remaining cost at December 31, 1931, over a fourteen year period (ten years from December 31, 1935, which is the period estimated as the remaining life of these assets in the determination of the depreciation allowable on them for 1936 and 1937), the reserves and remaining costs, per books and per returns, at December 31, 1935, the depreciation claimed in the returns, and the amount allowable for each of the years 1936 and 1937 on the basis of spreading the remaining cost per books over a ten year period.

One sheet of these schedules, which consist of 104 pages, is attached, and it should be noted that the depreciation allowable annually for 1932-1935, on the basis now used for the years 1936 and 1937, is

somewhat less than was written off on the books during those years, and that the remaining cost per books at December 31, 1935, which has been agreed upon as the basis for subsequent years, is correspondingly less, than would be shown if it were computed on theh basis of the depreciation allowable for 1932-1935, using the same basis as now applied to 1936 and 1937.

A summary schedule showing the total cost, accrued reserve and remaining cost at December 31, 1935, and the amounts of depreciation written off on the books, the amounts claimed in the taxpayer's returns, and the amounts recommended for allowance, for each of the years 1936 and 1937 is also attached.

As previously stated, the amounts of depreciation considered allowable on this group of assets for the years 1936 and 1937 are based upon an estimated remaining life of ten years from December 31, 1935, for all additions prior to that date; that basis being applied on the assumption that at the time the returns for these years were filed, a longer life than that period for these assets was not justified. It is believed however, that at this time a further extension of the serviceable life of this group should be made, and depreciation for the years 1938, 1939 and 1940 has therefore been computed on all additions prior to 1936, on the basis of spreading their remaining cost at December 31, 1937, as adjusted for the years 1936 and 1937, over a period of ten years from December 31, 1937, and a rate of 6% on all

subsequent additions. A summary schedule showing the effect of this adjustment, to which the taxpayer has agreed, is attached hereto.

Furniture

The facts previously outlined regarding Bank Fixtures also apply to this group, and the amounts of depreciation considered allowable for the years 1936 and 1937, and for the years 1938, 1939 and 1940 have been determined on the same basis as that described for that group. Summary schedules showing the adjustments recommended for the years under consideration are attached.

Addressograph.

Autos.

Real Estate Subdivision Improvements.

Other Real Estate Improvements.

No adjustments have been made in the depreciation claimed on these groups and the allowance of the amounts claimed is recommended. (See also discussion under "Other Real Estate Expense.)

Restorations.

A number of expenditures, similar to those discussed later herein under "Repairs" and "Maintenance—Bank Premises" which, as shown by the tax payer's records, were made in prior years and were disallowed as repair items by examining offi-

cers and charged to capital account, are shown in the taxpayer's returns as now being written off under the designation "Restorations." Many of these expenditures were for only small amounts, and are being written off over rather extended periods, and since they cannot now be identified with the buildings on which the expenditures were made, it is recommended, in order to avoid the continuation of schedules for these small amounts for different periods, (some of the periods will extend fifteen or twenty years) that the remaining cost of this group, at December 31, 1935, be included in the schedule of repair items disallowed during the years under consideration, and be written off over the ensuing ten years from that date.

Depreciation included in rent paid Merchants National Realty Corporation.

The facts previously related regarding "Bank premises Owned," are in general applicable to the buildings in this group, about the only real distinction between the two groups being that the title to these properties has for one reason or another been placed in this corporation, the capital stock of which is 100% owned by the taxpayer.

Practically all of these buildings are occupied by the taxpayer for banking purposes, and the amount of rental paid the subsidiary corporation is based upon the cost of repairs and maintenance, including the depreciation allowed for income tax purposes.

The returns of the subsidiary for 1936 and 1937 are closed, and the period within which additional tax may be assessed has expired, but the taxpayer has agreed that an adjustment in the amounts deducted in its returns for those years, under "Rents" —Line 17, should be made; that adjustment to be the amount of the excess depreciation claimed on these buildings by the subsidiary in its returns for 1936 and 1937, and that action is being recommended to the Staff for inclusion in the final determination of the tax liability in this case for those years. (Title to the Bank Fixture, Furniture, and Safe Deposit Equipment in these buildings is held by the taxpayer and these three groups are included in the attached schedules of those assets.)

The amounts of depreciation allowable on each of the different buildings owned by this subsidiary of the taxpayer have been determined on the same basis as described under "Bank Premises Owned," and summary schedules showing the total cost and accrued reserve, the amounts of depreciation claimed for each of the year 1936-1940, and the amounts recommended for allowance are attached hereto.

Repairs

Maintenance—Bank Premises.

The deductions claimed under these two designations, it will be noted, are substantially different in different years; that difference resulting apparently, in part at least, from the classification of a certain

class of expenditures as Repairs in some years, and as Maintenance in other years. An examination of the taxpayer's records has disclosed a number of expenditures, of substantial amounts, principally covering alterations for tenants occupying office suites under leases of from seven to ten years, in bank buildings, the upper floors of which are rented as offices, which the taxpayer has agreed are not properly deductible in entirety in the year in which the expenditures were made.

A schedule showing the totals of these expenditures for each of the years 1936-1940 is attached, and it is recommended that they be written off over a ten year period from the year made, as shown in that schedule.

Other Real Estate Expense.

The properties in this group, (which are in general the same as those on which depreciation is claimed under "Other Real Estate Improvements") on which the expenditures designated as "Other Real Estate Expense" were made, include both farm and city properties on which the taxpayer had previously made loans, and to which it has taken title through foreclosure proceedings, generally as result of the non-payment of interest on the loan.

These properties are stated to be usually bid in at the amount of the loan, and the bid in price, allocated between land and the depreciable portion of each property on the basis of their value as

appraised by appraisers employed by the taxpayer (or one of its subsidiaries) is set up as the cost of the property, and as the basis for depreciation.

An examination of the taxpayer's records of these transactions has shown that the allocation between land, and the depreciable portion of the property, might be questioned in a number of instances, and also that the remaining lives used in computing the amounts of depreciation claimed, are shorter in several instances than appear justified. The taxpayer's records also show, however, that the majority of these properties are sold within a short time, and as a careful record is kept of the amount of depreciation written off on each individual property, and the gain or loss on the sale computed accordingly, any adjustment in depreciation which might be made, either as result of a change in the allocated cost, or in the rate of depreciation, would only cause a corresponding change in the gain or loss at the time of the sale of the property.

The disallowance of any of the expenditures charged as expense on these properties, and the requirement that they be charged to capital account, would have the same effect, and since the amount of these adjustments would in any event be comparatively small, and any accurate determination of the adjustments that should be made would require a very considerable amount of time and labor, it is recommended that these deductions be allowed as claimed.

(Prior to June 30, 1938, the taxpayer followed the practice of transferring to a subsidiary corporation, immediately after foreclosure, the title to all of the properties on which loans were foreclosed. Since that date, that procedure has been discontinued, the taxpayer retaining title until the properties are sold, and this change in procedure is the cause of the increase in the amount of depreciation claimed by the taxpayer on this group, in 1930 and 1940, over the amounts claimed in prior years.)

Losses on sales of Real Estate.

Decidedly the larger part of these losses are on properties acquired by the taxpayer through foreclosure proceedings, as described in the preceding paragraphs, and it is entirely possible that at least a portion of the loss claimed on the sale of some of these properties should have been taken at the time of the foreclosure. No facts have been ascertained during the investigation, however, which indicate definitely in any individual instance that such was the case, or that would justify the disallowance of the loss claimed, and the allowance of these losses as claimed is recommended.

/s/ JAMES M. CLACK,
Engineer Revenue Agent.

JMC:HGK

Bank of America National Trust & Savings Association

Schedules.

Depreciation Adjustments.

1. Bank Premises Owned—Sheet 3. ("Sample" of Detailed Schedules 1936-1937.)
2. Bank Premises Owned—Summary 1936-1937.
3. Bank Premises Owned—Sheet 2. ("Sample" of Detailed Schedules 1938-1940.)
4. Bank Premises Owned—Summary 1938-1940.
5 Alterations to Leased Premises—Summary 1936-1937.
6. Alterations to Leased Premises—Summary 1938-1940.
7. Bank Fixtures—Sheet 5. ("Sample" of Detailed Schedules 1936-1937.)
8. Bank Fixtures—Summary 1936-1937.
9. Bank Fixtures—Summary 1938-1940.
10. Furniture—Summary 1936-1937.
11. Furniture—Summary 1938-1940.
12. Expense Items Capitalized (Restorations) Summary 1936-1940.
13. Adjustment of Losses on Sales of Bank Premises 1938-1940.
14. Summary of all Adjustments—1936-1940.

Year Acquired	COST	BOOKS	RETURNS
Lompoc. Taken over 1921. Building erected 1910.			
1921	$31,450.84(C)	$	$
12/31/31	31,450.84	12,782.84	
12/31/35	31,450.84	14,276.28	17,814.96
12/31/37	31,450.84	15,023.00	20,331.02
Los Banos. Taken over 1926. Building erected 19			
1926	124,127.57(C)		
12/31/31	124,127.57	18,619.14	
12/31/35	124,127.57	27,059.81	31,031.90
1937	546.58		
12/31/37	124,674.15	31,292.28	37,251.94
Madera. Taken over 1917. Building erected 1913.			
1917	30,640.95(C)		
12/31/31	30,640.95	12,557.81	
12/31/35	30,640.95	14,004.46	16,234.73
1936	316.64		
12/31/37	30,957.59	14,741.54	18,092.19
Merced. Building erected by taxpayer 1928. 2½			
1928	206,725.42		
12/31/31	206,725.42	18,984.01	
12/31/35	206,725.42	34,003.31	39,656.57
12/31/37	206,725.42	[illegible]	[illegible]

Bank of America National Trust & Savings Association

Schedules.

Depreciation Adjustments.

1. Bank Premises Owned—Sheet 3.
   ("Sample" of Detailed Schedules 1936-1937.)
2. Bank Premises Owned—Summary 1936-1937.
3. Bank Premises Owned—Sheet 2.
   ("Sample" of Detailed Schedules 1938-1940.)
4. Bank Premises Owned—Summary 1938-1940.
5 Alterations to Leased Premises—Summary 1936-1937.
6. Alterations to Leased Premises—Summary 1938-1940.
7. Bank Fixtures—Sheet 5.
   ("Sample" of Detailed Schedules 1936-1937.)
8. Bank Fixtures—Summary 1936-1937.
9. Bank Fixtures—Summary 1938-1940.
10. Furniture—Summary 1936-1937.
11. Furniture—Summary 1938-1940.
12. Expense Items Capitalized (Restorations) Summary 1936-1940.
13. Adjustment of Losses on Sales of Bank Premises 1938-1940.
14. Summary of all Adjustments—1936-1940.

Year Acquired	COST	BOOKS	RETURNS
Lompoc. Taken over 1921. Building erected 1910.			
1921	$31,450.84(C)	$	$
12/31/31	31,450.84	12,782.84	
12/31/35	31,450.84	14,276.28	17,814.96
12/31/37	31,450.84	15,023.00	20,331.02
Los Banos. Taken over 1926. Building erected 19			
1926	124,127.57(C)		
12/31/31	124,127.57	18,619.14	
12/31/35	124,127.57	27,059.81	31,031.90
1937	546.58		
12/31/37	124,674.15	31,292.28	37,251.94
Madera. Taken over 1917. Building erected 1913.			
1917	30,640.95(C)		
12/31/31	30,640.95	12,557.81	
12/31/35	30,640.95	14,604.46	16,234.73
1936	316.64		
12/31/37	30,957.59	14,741.54	18,092.19
Merced. Building erected by taxpayer 1928. 2½			
1928	206,725.42		
12/31/31	206,725.42	18,984.01	
12/31/35	206,725.42	34,003.31	39,656.57
12/31/37	[illegible]	[illegible]	[illegible]

OLD OUT

OUT

BANK OF AMERICA
NATIONAL TRUST & SAVINGS ASSOCIATION

Bank Premises Owned
Summary of Depreciation Adjustments 1936-1937

12/31/31	Cost per books and tax return			$21,349,375.99
	Reserve per books and tax return			$ 3,538,967.39
		Books	Returns	Allowable
1932	Depreciation	$ 357,841.88	$ 597,081.25	$ 354,828.55
1933	Depreciation	333,134.64	572,013.16	354,828.55
1934	Depreciation	299,581.18	518,827.63	354,828.55
1935	Depreciation	302,888.16	512,699.24	354,828.55
		Books	Returns	Adjusted
12/31/35	Cost	$17,961,018.28	$17,961,018.28	$17,961,018.28
12/31/35	Reserve	4,108,998.39	4,915,543.47	4,343,767.48
1936	Cost of additions	$ 362,697.08		
1937	Cost of additions	$ 501,288.50		
1936	Depreciation		Returns	Allowable
	On 12/31/35 Cost			$ 356,385.28
	On 1936 additions			9,787.95
	Total		$ 537,628.13	$ 366,173.23
1937	Depreciation			
	On 12/31/35 Cost			$ 345,148.69
	On 1936 additions			40,189.01
	On 1937 additions			7,628.80
	Total		$ 583,183.26	$ 392,966.50
12/31/37	Cost		$18,271,460.17	
	Adjusted Reserve on properties owned at that date		4,946,238.92	

Note: Loss on the demolition of a building at Riverside, California, in 1937, in the amount of $33,437.58 is included in the depreciation claimed by the taxpayer for that year and in the amount shown above as allowable. Although the building was acquired only about a year previously, the facts ascertained appear to show definitely that there was on intention at that time of demolishing it, and that its demolition was decided upon as result of subsequent changes in condition.

BRANCH Name	No.	Date
Gilroy	11	12/31/ 1938 1939
Hollister	12	12/31/ 1938
Hayward	14	12/31/ 1938
Lompoc	16	12/31/ 1938
Los Banos	177	12/31/ 1939 1940
Madera	23	12/31/
Merced	24	12/31/ 1940
San Miguel	1028	12/31/

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BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

Bank Premises, Owned - Sheet 3

Depreciation Adjustments, 1936 and 1937

Year Acquired	COST	BOOKS	RETURNS	ADJUSTED (D)	BOOKS	RETURNS	ADJUSTED	REMAINING LIFE IN YEARS RATE (A)	CLAIMED	ALLOWABLE	DEPRECIATION ADJUSTMENTS (B)	CLAIMED	ALLOWABLE
Lompoc. Taken over 1921. Building erected 1910. 4% rate applied prior to 1932.													
											$ 373.36 - Books 1,258.03 - Returns 629.02 - Allowable		
1921	$11,490.84(C)	$	$	$	$	$			$	$		$	
12/31/31	11,490.84	12,782.84			18,669.00			30 years					
12/31/35	11,490.84	11,276.28	17,814.96	16,298.92	17,171.56	13,635.88	16,151.92	2%	1,258.03	629.02	524.46	1,258.03	629.02
12/31/37	11,490.84	13,023.00	20,331.02	16,356.96	16,427.41	11,119.82	14,893.88	"	1,258.03	629.02		1,258.03	629.02
Los Banos. Taken over 1926. Building erected 1924. 2½% rate applied prior to 1932.													
											$ 2,118.17 - Books 3,103.19 - Returns 2,482.55 - Allowable		
1926	124,127.57(C)												
12/31/31	124,127.57	18,619.14			105,508.43			42 years					
12/31/35	124,127.57	27,059.81	31,031.90	28,549.34	97,067.76	93,095.67	95,578.23	2%	3,103.19	2,482.55	2,449.09	3,103.19	2,482.55
1937		546.58						"				13.66	5.46
12/31/37	124,674.15	31,292.28	37,251.94	33,519.90	93,381.87	87,422.21	91,154.25		3,103.19	2,482.55		3,116.85	2,488.01
Modoc. Taken over 1917. Building erected 1913. 3% rate applied prior to 1932.													
											$ 361.66 - Books 920.73 - Returns 612.82 - Allowable		
1917	30,640.95(C)												
12/31/31	30,640.95	12,557.81			18,083.14			30 years					
12/31/35	30,640.95	14,602.46	16,234.73	15,009.09	16,036.49	14,406.22	15,631.86	2%	919.23	612.82	554.09	919.23	612.82
1936		316.64						"	9.50	3.17		9.50	6.33
12/31/37	30,640.95	14,741.51	18,092.19	16,244.23	15,899.41	13,548.76	14,713.36	"	928.73	615.99		928.73	619.15
Merced. Building erected by taxpayer 1928. 2½% rate applied prior to 1932.													
											$ 3,754.83 - Books 5,168.14 - Returns 4,134.51 - Allowable		
1928	206,725.42												
12/31/31	206,725.42	18,984.01			187,741.41			46 years					
12/31/35	206,725.42	34,003.31	39,636.57	35,522.05	172,722.11	167,088.85	171,203.37	2%	5,168.14	4,134.51	3,977.83	5,168.14	4,134.51
12/31/37	206,725.42	41,512.94	49,992.85	45,791.07	165,212.48	156,732.57	162,934.35	"	5,168.14	4,134.51		5,168.14	4,134.51

(A)

The remaining lives shown in this column are from December 31, 1931, and are based on the remaining lives shown in the 1939 appraisal (see body of report) except in a few instances where adjustments have been made. The rates shown are to be applied to original costs and are the rates which, when so applied, will recover the remaining costs during the estimated remaining lives. The amounts of depreciation shown as allowable for the years 1932 - 1935, and for subsequent years, have been determined on that basis.

(B)

The amounts shown in brackets in this column, which are shown for comparison only, are the amounts which the taxpayer wrote off annually on its books during 1932 - 1935, the amounts claimed in its tax returns, and the amounts allowable on the basis described in note (A). The amounts not in brackets, shown in this column, are the amounts that would be allowable annually on the same basis, if determined on the remaining costs at December 31, 1935, as shown in the tax returns.

(C)

These amounts represent costs allocated to the buildings when the properties were acquired.

(D)

The adjusted reserves shown at December 31, 1935, are the reserves as per books and tax returns at December 31, 1931, plus the depreciation allowable for 1932 - 1935 on the basis described in note (A).

Bank of America
National Trust & Savings Association

Bank Premises Owned

Summary of Depreciation Adjustments
1938-1939-1940

12/31/37	Cost			$18,271,460.17
12/31/37	Adjusted Reserve			$ 4,946,238.92
		Books		
1938	Additions at cost	$469,733.38		
1939	Additions at cost	134,381.33		
1940	Additions at cost	99,885.34		
Depreciation Allowable		1938	1939	1940
	On 12/31/37 Cost	$363,839.88	$329,935.18	$ 330,190.63
	On 1938 Additions	5,113.34	8,927.08	8,926.32
	On 1939 Additions		1,476.70	2,950.97
	On 1940 Additions			337.52
	Total	$368,953.22	$340,338.96	$ 342,405.44
Depreciation claimed on returns		318,743.70	309,357.10	293,305.83
Additional depreciation allowable		$ 50,209.52	$ 30,981.86	$ 49,099.61
12/31/40	Cost			$16,960,311.23
12/31/40	Reserve			5,408,603.99

Bank of America
National Trust & Savings Association

Bank Premises Owned

Summary of Depreciation Adjustments
1938-1939-1940

37	Cost			$18,271,460.17
37	Adjusted Reserve			$ 4,946,238.92
		Books		
38	Additions at cost	$469,733.38		
39	Additions at cost	134,381.33		
40	Additions at cost	99,885.34		
ciation Allowable		1938	1939	1940
n 12/31/37 Cost		$363,839.88	$329,935.18	$ 330,190.63
n 1938 Additions		5,113.34	8,927.08	8,926.32
n 1939 Additions			1,476.70	2,950.97
n 1940 Additions				337.52
	Total	$368,953.22	$340,338.96	$ 342,405.44
eciation claimed on returns		318,743.70	309,357.10	293,305.83
tional depreciation allow-				
e		$ 50,209.52	$ 30,981.86	$ 49,099.61
1/40	Cost			$16,960,311.23
1/40	Reserve			5,408,603.99

BANK OF AMERICA N. T. &

DEPRECIATION COMPUTA

Figures

1936-1937

		B
		Books
12/31/31		$7,789,896.0
12/31/32		7,466,899.4
12/31/33		7,255,954.9
12/31/34		7,083,874.9
12/31/35		7,460,349.6
12/31/35	Less Reserve	4,361,600.57
12/31/35	Balance	$3,098,749.0
1936	Additions	188,092.29
		$3,286,781.39

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

Bank Premises Owned - Sheet 2,

Depreciation Allowable 1938, 1939 and 1940

BRANCH Name	No.	Date	Land	Building	Reserve for Depreciation 12/31/37	Depreciation rate on Cost	DEPRECIATION 1938	1939	1940
Gilroy	11	12/31/37	$ 5,033.97	$29,688.70	$15,236.88	2%	$ 593.77	$ 593.77	$ 593.77
		1938		5.37			.05	.11	.11
		1939		2,080.69				20.81	41.61
Hollister	12	12/31/37	40,111.00	66,796.90	9,691.20	2%	1,335.94	1,335.94	1,335.94
		1938		9.82			.10	.20	.20
Hayward	14	12/31/37	22,270.79	81,553.64	20,130.81	2%	1,631.07	1,631.07	1,631.07
		1938		141.08			1.41	2.82	2.82
Lompoc	16	12/31/37	5,000.00	31,450.84	16,556.96	2%	629.02	629.02	629.02
		1938		238.15			2.38	4.76	4.76
Los Banos	177	12/31/37	20,358.42	124,674.15	33,519.90	2%	2,493.48	2,493.48	2,493.48
		1939		543.00				5.43	10.86
		1940		37.50					.38
Madera	23	12/31/37	7,810.45	30,957.59	16,244.23	2%	619.15	619.15	619.15
Merced	24	12/31/37	70,028.02	206,725.42	43,791.07	2%	4,134.51	4,134.51	4,134.51
		1940		113.55					1.14
San Miguel	1028	12/31/37	1,500.00	3,480.00	1,420.22	2½%	78.30	78.30	78.30
		1939		8.29				.09	.19
Atascadero	2028	12/31/37	2,938.21	8,500.00	255.00	3%	255.00	255.00	255.00
		1938		92.25			1.39	2.77	2.77

BANK OF AMERICA N. T. & S.

Depreciation Schedule

Fixtures

1938-1939-1940

12/31/35	Total cost to date
	Less reserve for books
12/31/35	Net value
1936-1937	Less: Depreciation - 1936-1937
1936	Additions - 1936
1937	Additions - 1937
1937	Adjustment prior year
12/31/37	Balance
1938	Additions
1938	Less: Depreciation
12/31/38	Balance
1939	Additions
1939	Less: Depreciation

Bank of America National Trust and Savings Association

Bank Fixtures - Sheet 5

Depreciation Adjustments
1936 - 1937

Year Acquired	Cost	Reserve Books	Reserve Returns	Reserve Adjusted	Remaining Cost Books	Remaining Cost Returns	Remaining Cost Adjusted	Remaining Life in Years and Rates (A)	Depreciation Adjustments 1936 Claimed	1936 Allowable	(B)	1937 Claimed	1937 Allowable
California-Montgomery													
											($ 8,982.68 - Books 14,491.46 - Returns 7,904.42 - Allowable)		
1927	$ 75,000.00												
1928	34,681.67												
12/31/31	$109,681.67	$68,723.69			$110,681.90								
12/31/35	$180,000.24	$104,447.32	$126,407.24	$104,447.32	$ 76,352.92	$ 54,393.00	$ 76,352.92	10 years 6%		$ 7,635.29	$ 5,439.30	$	$ 7,635.29
1936	343.00							6%		10.29			20.59
1937	901.49							6%					27.04
12/31/37	$182,044.73	$121,197.46	$155,462.28	$119,782.24	$60,847.27	$26,582.45	$62,262.49		$14,491.46	$ 7,645.58		$14,563.58	$ 7,682.91
San Jose Main Office													
											($ 3,075.75 - Books 4,997.16 - Returns 2,733.15 - Allowable)		
1926	$57,858.77												
12/31/31	62,393.10	$24,038.85			$38,264.25								
12/31/35	$62,464.48	36,320.55	44,011.29	36,320.55	26,143.93	18,453.19	26,143.93	10 years	4,997.16	2,614.40	1,845.32	5,095.10	2,614.40
1937	1,219.25												
12/31/37	63,683.73	42,130.36	54,103.55	41,600.00	21,553.37	9,580.18	22,083.73		4,997.16	2,614.40	1,845.32	5,095.10	2,650.98
Sunny Vale													
											($ 133.34 - Books 476.87 - Returns 136.25 - Allowable)		
1921	$ 1,648.87												
1923	17,309.25												
12/31/31	16,440.66	14,533.20			1,907.46								
12/31/35	16,446.87	15,143.47	16,446.87	15,143.47	1,303.40		1,303.40	10 years 6%		130.34			130.34
1937	288.40												
12/31/37	$16,735.27	$15,458.90	$16,735.27	$15,413.77	$ 1,276.37		$ 1,321.50			130.34		288.40	138.99
Santa Rosa													
											($1,247.29 - Books 1,822.53 - Returns 1,113.71 - Allowable)		
1922	$ 3,461.00												
1929-30-31	16,820.13												
12/31/31	$23,216.63	$ 7,624.59			$15,592.04								
12/31/35	22,777.28	12,175.34	14,475.36	12,175.34	10,601.94	8,301.92	10,601.94	10 years 6%		1,060.20	830.20		1,060.20
1937	32.20												.97
12/31/37	$22,809.48	$14,480.36	$18,122.30	$14,296.82	$ 8,329.12	$ 4,687.18	$ 8,512.66		$ 1,247.29	$ 1,060.20		$ 1,824.76	$ 1,061.17

(A) The remaining life from December 31, 1935, of all additions prior to that date, is estimated at 10 years, and a rate of 6% is applied to the cost of all subsequent additions, depreciation being computed for one-half year on all current additions.

(B) The amounts shown in this column in brackets are the amounts of depreciation written off annually on the books during the years 1932-1935, the amounts claimed in the tax returns for those years, and the amounts that would be allowable annually for those years on the basis of spreading their remaining cost at December 31, 1931, over 14 years (10 years from December 31, 1935). The amounts shown, not in brackets, are the amounts of depreciation that would be allowable annually for 1936 and 1937 on the basis of spreading the remaining cost per returns, at December 31, 1935, over 10 years.

BANK OF AMERICA N. T. &

Depreciation Schedul

Furniture

1936-1937

		Cost	
		Books	
12/31/31		$4,193,548.00	
12/31/32		4,196,333.19	
12/31/33		4,204,241.52	
12/31/34		4,503,153.52	
12/31/35		4,398,157.87	$4
	Less reserve	2,704,732.50	3
	Balance	1,693,425.37	1
1936	Addition	218,208.41	
1936	Depreciation	210,616.09	
12/31/36	Balance	1,701,017.69	

[illegible] OF [illegible] E. T. & G. A.

[illegible]

Exhibit

1936-1937

		Cost		Depreciation Reserve			Depreciation 1936			Depreciation 1937			Total Depreciation Allowed
		Books	Returns	Books	Returns	Rate	Allowable	Books	Returns	Allowable	Books	Returns	
12/31/31		67,780,896.89		$3,315,272.84	$3,315,272.84								
12/31/32		7,466,899.49		3,437,970.32	3,682,664.50								
12/31/33		7,238,954.51		3,689,385.84	4,146,349.79								
12/31/34		7,223,874.35		4,890,711.88	5,651,284.91								
12/31/35		7,460,349.43	67,460,349.43	4,341,660.57	5,170,548.32								
12/31/35	Less Reserve	4,341,660.57	5,170,548.32										
12/31/35	Balance	83,000,749.66	62,289,801.51			10%	$309,874.91			$309,874.91			$619,749.82
1936	Additions	188,032.89				* 4%	5,640.97			11,281.94			16,922.91
		83,286,781.55											
1936	Depreciation	323,890.50											
12/31/36	Balance	82,890,891.05											
1937	Additions	542,406.99				4%				16,274.61			16,274.61
	Adjustments	45,299.47											
		83,478,777.51											
1937	Depreciation	408,100.76											
12/31/37	Balance	83,070,676.75											
	Totals						$315,515.88	$395,890.30	$542,457.93	$337,431.46	$408,100.76	$542,383.35	$652,943.34
	Excessive depreciation claimed on return						$226,942.05			$204,951.89			

* Depreciation allowed at 3% on acquisition for first year.

BANK OF AMERICA N. T. & S. A.

Depreciation Schedule

Fixtures

1938-1939-1940

			Cost		Accumulated Reserve		Allowance			Adjusted Depreciation Reserve
			Books	Adjusted	12/31/37	Rate	1938	1939	1940	12/31/40
12/31/35	Total cost to date		$7,460,369.63	$7,460,369.63						
	Less reserve for books		4,361,620.57	4,361,620.57						
12/31/35	Net value		$3,098,749.06	$3,098,749.06						
1936-1937	Less: Depreciation - 1936-1937		603,991.06	619,745.82						
			$2,294,758.00	$2,479,003.24		10%	$247,900.32	$247,900.32	$247,900.32	$743,700.96
1936	Additions - 1936		188,032.29	188,032.29	$ 16,922.91	6%	11,281.94	11,281.94	11,281.94	50,768.73
1937	Additions - 1937		542,486.99	542,486.99	16,274.61	6%	32,549.22	32,549.22	32,549.22	113,922.27
1937	Adjustment prior year		45,399.47							
12/31/37	Balance		$3,070,676.73	$3,209,522.52						
1938	Additions		555,677.50	555,677.50		*6%	16,670.32	33,340.65	33,340.65	83,351.62
1938	Less: Depreciation		$3,626,354.25 432,563.74							
12/31/38	Balance		$3,193,790.51	$3,765,200.02						
1939	Additions		270,364.32	270,364.32		6%		8,110.93	16,221.86	24,332.79
			$3,464,154.83							
1939	Less: Depreciation	$403,492.50								
	Adjustment	45,399.47	448,891.97							
12/31/39	Balance		$3,015,262.86	$4,035,564.34						
1940	Additions		142,238.74	142,238.74		6%			4,267.16	4,267.16
1940	Less: Depreciation		$3,157,501.60 495,312.52							
12/31/40	Balance		$2,662,189.08	$4,177,803.08						
12/31/40	Less: Adj sted Depreciation Reserve			1,020,343.53						
12/31/40	Net Remaining Balance		$2,662,189.08	$3,157,459.55						
	Total depreciation allowable				$ 33,197.52		$308,401.80	$333,183.06	$345,561.15	$1,020,343.53
	Depreciation per returns						432,563.74	403,492.50	495,312.52	
	Excessive Depreciation claimed on Return						$124,161.94	$ 70,309.44	$149,751.37	

* 3% Allowed on additions acquired during the year.

BANK OF AMERICA N. T. & S. A.

DEPRECIATION SCHEDULE

Furniture

1938-1940

			Cost		Accumulated Reserve		Allowable			Adjusted Depreciation Reserve
			Books	Adjusted	12/31/37	Rate	1938	1939	1940	12/31/40
12/31/35	Total cost per books		$4,398,157.87	$4,398,157.87						
12/31/35	Less reserve per books		2,704,732.50	2,704,732.50						
12/31/35	Net value per books		$1,693,425.37	$1,693,425.37						
1936-1937	Less depreciation		417,976.54	338,685.08						
			$1,275,448.83	$1,354,740.29		10%	$135,474.03	$135,474.03	$135,474.03	$406,422.09
1936	Addition		218,208.41	218,208.41	$ 19,638.75*	6%	13,092.50	13,092.50	13,092.50	58,916.25
1937	Addition Adjustment		445,000.86) 40,323.94)	445,000.86	13,350.01*	6%	26,700.05	26,700.05	26,700.05	93,450.16
12/31/37	Balance		$1,978,982.04	$2,017,949.56						
1938	Additions		262,610.84	262,610.84		6%**	7,878.32	15,756.65	15,756.65	39,391.62
			$2,241,592.88	$2,280,560.40						
1938	Less Depreciation		227,582.63							
12/31/38	Balance		$2,014,010.25							
1939	Addition		209,891.91	209,891.91		6%		6,296.76	12,593.51	18,890.27
1939	Less-depreciation adjustment	201,006.94 40,323.94	$2,223,902.16 241,330.88							
12/31/39	Balance		$1,982,571.28	$2,190,452.31						
1940	Additions		218,622.57	218,622.57		6%			6,558.68	6,558.68
1940	Less: Depreciation		$2,201,193.85 290,200.67							
12/31/4	Balance Less Adjusted depreciation reserve		$1,910,993.18 -	$2,709,074.88 623,689.07						
	Net Remaining Balance		$1,910,993.18	$2,085,445.81						
	Totals				$ 32,988.76		$183,144.90	$197,319.99	$210,175.42	$623,689.07
	Claimed on books and returns						227,582.63	291,495.76	290,200.67	
	Excessive depreciation claimed in Returns						$ 44,437.73	$ 94,175.77	$ 80,025.25	

* See depreciation schedule for 1936 and 1937

** 3% allowed on addition for year of acquisition.

BANK OF AMERICA NATIONAL TRUST & SAVINGS
SUMMARY OF ADJUSTMENTS 1936 - 1

Depreciation	Per Return $	1936 Allowable $	Disall $
Bank Premises Owned	537,628.13	366,173.23	171,
Alterations to Leased Premises	77,670.01	52,283.35	25,
Safe Deposit Equipment	71,255.06	71,255.06	
Bank Fixtures	542,457.93	315,515.88	226,
Furniture	302,566.15	175,838.79	126,
Automobile Equipment	6,704.11	6,704.11	
Addressograph Equipment	-	-	
Other Real Estate Improvements	8,439.33	8,439.33	
Repair Capitalized 1936 - 1937 and Prior Years Restorations	2,220.95	6,859.91	(4,6
Total Depreciation	1,548,941.67	1,003,119.66	545,8
Depreciation included in "Rent"	254,506.72	196,644.06	57,8
(Paid Merchants National Realty Corp. - not included in above)			
Repairs capitalized (A)	34,146.57	-	34,1
Total Adjustment			637,8

(A) Disallowed Items only.

BANK OF AMERICA NATIONAL TRUST & SAVINGS
SUMMARY OF ADJUSTMENTS 1938 - 1939 -

EXHIBIT E-1

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION

DEPRECIATION ADJUSTMENT

FIXTURES Date		Cost	Rate	1936	1937	Total	Net Value 12/31/37	Rate	1938	1939	1940	Total
12/31/35	Cost	$7,460,369.63										
	Less Reserve	5,170,548.32										
	Net	$2,289,821.31	10%	$228,982.13	$228,982.13	$457,964.26	$1,831,857.05	10%	$183,185.71	$183,185.71	$183,185.71	$1,007,521.39
12/31/36	Additions	188,032.29	6%	5,640.97	11,281.94				11,281.94	11,281.94	11,281.94	50,768.73
		$2,477,853.60										
12/31/37	Additions	542,486.99	6%		16,274.61				32,549.22	32,549.22	32,549.22	113,922.27
		$3,020,340.59										
12/31/38	Additions	555,677.50	6%						16,670.33	33,340.65	33,340.65	83,351.63
		$3,576,018.09										
12/31/39	Additions	270,364.32	6%							8,110.93	16,221.86	24,332.79
		$3,846,382.41										
12/31/40	Additions	142,238.74	6%								4,267.16	4,267.16
		$3,988,621.15										
	TOTAL DEPRECIATION ALLOWABLE			234,623.10	256,538.68				243,687.20	268,468.45	280,846.54	1,284,163.97
	TOTAL DEPRECIATION CLAIMED			542,457.93	542,383.35				432,563.74	403,492.50	495,312.52	2,416,210.04
	DEPRECIATION DISALLOWED			307,834.83	285,844.67				188,876.54	135,024.05	214,465.98	1,132,046.07
	DEPRECIATION DISALLOWED PER ENGINEER			226,942.05	204,951.89				124,161.94	70,309.44	149,751.37	776,116.69
	ADJUSTMENT			80,892.78	80,892.78				64,714.60	64,714.61	64,714.61	355,929.38

EXHIBIT E-2

FURNITURES												
12/31/35	Cost	$4,398,157.87										
	Less Reserve	3,280,606.66										
	Net	$1,117,551.21	10%	111,755.12	111,755.12	223,510.24	894,040.97	10%	89,404.10	89,404.10	89,404.10	491,722.54
12/31/36	Additions	218,208.41	6%	6,546.25	13,092.50				13,092.50	13,092.50	13,092.50	58,920.25
		$1,335,759.62										
12/31/37	Additions	445,000.36	6%		13,350.01				26,700.02	26,700.02	26,700.02	93,450.07
		$1,780,759.98										
12/31/38	Additions	262,610.84	6%						7,878.33	15,756.65	15,756.65	39,391.63
		$2,043,370.82										
12/31/39	Additions	209,891.91	6%							6,296.76	12,593.51	18,890.27
		$2,253,262.73										
12/31/40	Additions	218,622.57	6%								6,558.68	6,558.68
		$2,471,885.30										
	TOTAL DEPRECIATION ALLOWABLE			118,301.37	138,197.63				137,074.95	151,250.03	164,105.46	708,929.44
	TOTAL DEPRECIATION CLAIMED			302,566.15	342,016.03				227,582.63	291,493.76	290,200.67	1,453,859.24
	DEPRECIATION DISALLOWED			184,264.78	203,818.40				90,507.68	140,243.73	126,095.21	744,929.80
	DEPRECIATION DISALLOWED PER ENGINEER			126,677.36	146,230.98				44,437.73	94,173.77	80,025.25	491,545.09
	ADJUSTMENT			57,587.42	57,587.42				46,069.95	46,069.96	46,069.96	253,384.71

Appraisal Unit
Engineering and Valuation Group
San Francisco Division

Supplemental Depreciation Report
Bank of America National Trust & Savings Association

San Francisco, California
Years 1938, 1939 and 1940

San Francisco, California
February 9, 1942.

Internal Revenue Agent in Charge
San Francisco, California

In a report submitted by the undersigned engineer under date of November 14, 1941, covering the 1938, 1939 and 1940 returns of the above-named corporation, recommendation was made that (1) depreciation totalling $571,775.99 on Bank Premises, $808,-927.75 on Bank Fixtures, and $578,874.16 on Bank Furniture, which was claimed in the taxpayer's returns for the years 1932-1935, inclusive, in excess of the amounts properly allowable for those years (the years named were all loss years and were not examined, and are now closed) be considered as not having been "allowed or allowable," (2) that the remaining cost, at December 31, 1937, of each of these groups, be placed at the difference between the net cost of each group at December 31, 1931, as shown by the taxpayer's books and income tax returns, and the amounts of depreciation properly allowable for the years 1932-1937, inclusive, disre-

garding the excessive amounts claimed in the 1932-1935 returns, and (3) that depreciation be allowed for 1938 and subsequent years in the amounts necessary to recover the remaining cost of each group, as thus determined, during the estimated remaining serviceable lives of the items in that group.

The recommendations described as having been made in the report referred to were based upon the belief at that time that the facts and principles involved in this case were sufficiently similar to the facts and principles in the case of the Pittsburgh Brewing Company to justify following the action taken in that case by the United States Supreme Court. The conclusion now has been reached, however, that although the facts in this case are in some respects similar to those in the Pittsburgh Brewing Company case, they are in other respects substantially different, and therefore the opinion of the Court regarding the principle involved, as expressed in the decision in that case, does not necessarily apply to the facts and principles involved in the case of this taxpayer; and it is now believed that the recommendations previously made were not justified by the facts in the case, and are not in accordance with the action taken in other cases by this office and the Bureau.

It is therefore recommended that in so far as the three groups of assets named are concerned, the recommendation in the previous report be disregarded, and that depreciation be allowed for the years now under consideration, on Bank Fixtures and Bank Furniture, on the basis of spreading the

remaining cost of each group, at December 31, 1937, as shown by the taxpayer's income tax returns, over a period of ten years from that date, and that a rate of 6% be allowed on the cost of additions, subsequent to December 31, 1937, to each of these accounts, as recommended in the previous report. It is further recommended that the amount of depreciation allowed for these years on Bank Premises be limited to the amounts written off on the taxpayer's books. (The depreciation written off on the books, on Bank Premises, is apparently somewhat less than the amount to which the taxpayer is entitled on the basis now recommended, but as the correctness of the cost of a number of these buildings is doubtful, and a determination of the amount of depreciation actually allowable on each individual building would require a very substantial amount of time and labor, and since the taxpayer has stated that an appeal will be taken from the action now recommended, it does not appear that such a determination is necessary or advisable at this time.)

Schedules showing the affect of the adjustments now recommended are attached hereto.

/s/ JAMES M. CLACK,
Engineer Revenue Agent.

CLOSED
No Additional Tax
Date of Payment 5-21-37
Auditor
Div. Sec. E No. 5
Date 1-26-33.
Reviewer
Date

TRANSAMERICA CORPORATION
460 Montgomery St.
San Francisco, California

Date of Incorporation October 11, 1928

Under the Laws of what State or Country Delaware

JUN 4 1951
COLLECTOR OF INT'L REVENUE
FIRST DIST. CALIF.

Kind of Business Holding Company Is This a Consolidated Return of Two or More Corporations? Yes If so, How Many

GROSS INCOME

CONSOLIDATED NET INCOME

		Income	Losses
1.	Transamerica Corporation	$ 5,111,630.45	
2.	America Investment Co.	236,962.68	
3.	America and Security Inv. Corp.	34,172.47	
4.	American Brokerage Co.	33,[illegible]	
5.	Bankamerica Co.	85,213.46	
6.	Bank of America		396,141.99
7.	Bank of America of California	3,[illegible],039.67	
8.	Bank of America NT & SA.		8,[illegible]42,301.24
9.	Bankamerica Agric. Credit Corp.	54,076.63	
10.	The B. C. A. Corporation	None	
11.	Bankitaly Mortgage Co.	125,568.23	
12.	California Lands, Inc.		755,142.14
13.	California Joint Stock Land Bank	7,508.10	
14.	Capital Company		162,355.18
15.	Butte County Savings Bank		5,250.96
16.	Placerville National Bank		6,288.62
17.	Vallejo Com'l Nat'l Bank	10,014.04	
18.	First National Bank - Grass Valley	444.82	
19.	Inter-Continental Corp.		2,556,022.69
20.	Merchants National Realty Corp.	745,745.56	
21.	Motherlode National Bank	7,027.27	
22.	National Commercial Properties Co.		9,260.91
23.	Oakland Bank	26,840.44	
24.	Occidental Corporation		57,758.31
25.	Occidental Investment Co.		32,426.23
26.	John P. Shea Co.	919.81	
27.	Transamerica BankHolding Co.	1,721,307.80	
28.	Transamerica Insurance Holding Co.		1,263.22
29.	Transamerica International Corp.	194,541.59	
30.	Transamerica Mortgage Holding Co.		906.43
31.	Transamerica Realty Holding Co.		631.44
32.	Transamerica Service Co.	36,753.16	
33.	Corporation of America	1,178,506.23	
34.	First National Bank - Berkeley	16,982.35	
35.	Broadway Com'l and Savings Bank		839.27
36.	First National Bank - Ventura		3,914.03
37.	Home Savings Bank - Ventura	12,150.73	
38.	First National Bank - Porterville	16,685.08	
39.	Merchants Natl. Trust and Savings Bank	10,614.14	
40.	Corporation of America		443,730.10
	Total	$11,135,420.33	$13,074,232.76
			11,135,420.33
	Consolidated statutory Loss		$ 1,938,812.43

Separate returns for each of the above corporations are attached and made part of this return

23. TOTAL DEDUCTIONS IN ITEMS 12 TO 22
24. NET INCOME (Item 11 minus Item 23) 1088

COMPUTATION OF TAX

25. Net Income [illegible]
26. Less Credit [illegible]
27. [illegible] (Item 24 minus Item 26)
31. Less [illegible]
32. [illegible]

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1930

2. Nontaxable income:	
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia	
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended	
(c) Interest on obligations of the United States or its possessions	
(d) Dividends deductible under Section 26(g) of the Revenue Act of 1928	
(e) Proceeds of life insurance policies paid upon the death of the insured	
(f) Other items of nontaxable income (to be detailed):	
(1)	
(2)	
(3)	
3. Charges against reserve for bad debts, if Item 18, page 1 of return, is not an addition to a reserve	
4. Charges against reserve for contingencies, etc. (to be detailed):	
(a)	
(b)	
(c)	
5. Total of Lines 1 to 4, inclusive	5.
6. Total from Line 14	
7. Net profit for year, or shown by books, before any adjustments are made therein (Line 5 minus Line 6)	7.
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	
9. Other credits to surplus (to be detailed):	
(a)	
(b)	
(c)	
10. Total of Lines 7 to 9, inclusive	10.
11. Total from Line 17	
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	12.

return	
(c) Federal taxes paid on tax-free covenant bonds	
(d) Special improvement taxes tending to increase the value of the property assessed	
(e) Furniture and fixtures, additions, or betterments treated as expense on the books	
(f) Replacements and renewals	
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary	
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation	
(i) Additions to reserve for bad debts which are not included in Item 18, page 1 of return	
(j) Additions to reserves for contingencies, etc. (to be detailed):	
(1)	
(2)	
(3)	
(k) Other nonallowable deductions (to be detailed):	
(1)	
(2)	
(3)	
14. Total of Line 13	14.
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):	
(a) Date paid ..... Character	15.
(b) Date paid ..... Character	
(c) Date paid ..... Character	
(d) Date paid ..... Character	
16. Other debits to surplus (to be detailed):	
(a)	
(b)	
(c)	
17. Total of Lines 15 and 16	17.

JUN 4 1930
COLLECTOR OF INTERNAL REVENUE
FIRST DIST CAL

QUESTIONS

KIND OF BUSINESS

1. By means of the key letters given below, identify the corporation's main income-producing activity with one of the general classes, and follow this by a special description of the business sufficient to give the information called for under each general class.

A.—Agriculture and related industries, including fishing, logging, ice harvesting, etc., and also the leasing of such property. State the product or products. B.—Mining and quarrying, including gas and oil wells, and also the leasing of such property. State the product or products. C.—Manufacturing. State the product and also the material if not implied by the name of the product. D.—Construction—excavations, buildings, bridges, railroads, ships, etc., also equipping and installing same with systems, devices, or machinery, without their manufacture. State nature of structures built, materials used, or kind of installations. E1.—Transportation—rail, water, local, etc. State the kind and special product transported, if any. E2.—Public utilities—gas (natural, coal, or water); electric light or power (hydro or steam generated); heating (steam or hot water); telephone; waterworks or power. E3.—Storage—without trading or profit from sales—(elevators, warehouses, stockyards, etc.). State product stored. E4.—Leasing transportation or utilities. State kind of property. F.—Trading in goods bought and not produced by the trading concern. State manner of trade, whether wholesale, retail, or commission, and product handled. Sales with storage with profit primarily from sales. G.—Service—domestic, including hotels, restaurants, etc.; amusements; other professional, personal, or technical service. State the service. H.—Finance, including banking, real estate, insurance. I.—Concerns not falling in above classes (a) because of combining several of them with no predominant business, or (b) for other reasons.

2. Concerns whose business involves activity falling in two or more of the above general classes, where the *same product* is concerned, should report business as identified with but one of the above general classes; for example, concerns in A or B which also transport and market their own product exclusively or mainly, should still be identified with classes A or B; concerns in C (manufacturing) which own or control their source of material supply in A or B and which also transport, sell, or install their own product exclusively or mainly, should be identified with manufacturing; concerns in D may control or own the source of supply of materials used exclusively or mainly in their constructive work; concerns in E1 or E2 may own or control the source of their material or power; concerns in F may transport or store their own merchandise, but its production should identify them with A, B, or C.

3. Answers.

(a) General class (use key letter designation) .....

(b) Main income-producing business (give specifically the information called for under each key letter, also whether acting as principal, or as agent on commission; state if inactive or in liquidation)

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AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 36

4. Is this a consolidated return of two or more corporations? ..... If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return. See Article 12 (c) and (d), Regulations 75.

5. Did the corporation file a consolidated return for the preceding taxable year? .....

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? ..... Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? ..... If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. .....

.....

.....

Upon such change were any asset values increased or decreased? .....
If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of actual receipts and disbursements? yes
If not, describe fully what other basis or method was used in computing net income. .....

.....

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. .....

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LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

.....

.....

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.....

The corporation's books are in care of .....

Located at .....

Office of The Collector
First District of California

In Replying refer to

TREASURY DEPARTMENT
Internal Revenue Service
San Francisco, Calif

March 16 1931.

Transamerica Corporation,
460 Montgomery St.,
San Francisco, California.

10-1

Sir:-

Receipt is acknowledged of your letter of recent date requesting for the reasons therein given, extension of time within which to file your return of income for the calendar year 1930.

PROVIDED A TENTATIVE RETURN IS FILED WITH THE COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT ON OR BEFORE March 16 1931 AND PAYMENT MADE AT THAT TIME OF AT LEAST ONE-FOURTH OF THE TOTAL ESTIMATED TAX SHOWN THEREON TO BE DUE, you are hereby granted an extension of time to June 15, 1931.

Any deficiency in the first installment of tax will bear interest at the rate of one-half of one per cent a month from the original due date.

By a "tentative return" is meant a return on the appropriate income tax form, showing only the name and address of the taxpayer and the estimated amount, if any, of the tax due. The items and schedules shown on the form need not be filled in.

This letter, or a copy thereof, must be attached to the tentative and completed returns as authority for the extension of time herein granted. The completed return when filed should be plainly marked "completed return".

Respectfully,

DAVID BURNET, Commissioner,

By
John P. McLaughlin
Collector

GD

Copy of Letter of March 16, 1931 signed by John P. McLaughlin

reasons.

2. Concerns whose business involves activity falling in two or more of the above general classes, where the *same product* is concerned, should report business as identified with but one of the above general classes; for example, con-

used, describe fully, state why used and the date inventory was la
with stock. .....

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Computation proved

Form 1120
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
(Auditor's Stamp)

CORPORATION INCOME TAX RETURN
For Calendar Year 1930

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1931

Page 1 of Return

File Code .....

Serial Number .....

District .....
(Cashier's Stamp)

Cash | Check | M.O. | Cert. of Ind.
First Payment
$ .....

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSN
(Name)
FORMERLY BANK OF ITALY NATIONAL TRUST AND SAVINGS ASSN
(Street and number)
SAN FRANCISCO CALIFORNIA
(Post office and State)

Date of Incorporation 1927

Under the Laws of what State or Country U. S.

Kind of Business Banking Is This a Consolidated Return of Two or More Corporations? ..... If so, How Many? .....

See instructions.

GROSS INCOME

1. Gross Sales from Trading or Manufacturing, $ ..... Less Returns and Allowances, $ .....; Net Sales $
2. Less Cost of Goods Sold:
   (a) Inventory at beginning of year $
   (b) Merchandise bought for sale
   (c) Cost of manufacturing or producing goods (From Schedule A): Salaries and Wages, $ .....; Other costs, $ .....; Total
   (d) Total of lines (a), (b), and (c) $
   (e) Less inventory at end of year
3. Gross Profit from Trading or Manufacturing (Item 1 minus Item 2) $
4. Gross Profit from Operations Other Than Trading or Manufacturing. (State source of income)
   (a)
   (b)
   (c)
5. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds
6. Rents
7. Royalties
8. Profit from Sale of Real Estate, Stocks, Bonds, and other Capital Assets (From Schedule B)
9. Dividends on Stock of Domestic Corporations
10. Other Income (including dividends received on Stock of foreign corporations). (State nature of income)
    (a)
    (b)
    (c)
11. TOTAL INCOME IN ITEMS 3 TO 10 — Schedule — $ 39 824 408 01

DEDUCTIONS

12. Compensation of Officers (From Schedule C) $
13. Rent on Business Property
14. Repairs (From Schedule D); Salaries and Wages, $ .....; Other Costs, $ .....; Total
15. Interest
16. Taxes (From Schedule E)
17. Losses (From Schedule F)
18. Bad Debts (From Schedule G)
19. Dividends (From Schedule H)
20. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)
21. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 21)
22. Other Deductions Not Reported Above. (Explain below, or on separate sheet):
    (a) Salaries and wages. (Not included in Item 2, 12, or 14 above)
    (b) Net Loss for 1928–1929 (Submit schedule)
    (c)
    (d)
    (e)
23. TOTAL DEDUCTIONS IN ITEMS 12 TO 22 — Schedule 1 — $ 18 166 709 25
24. NET INCOME (Item 11 minus Item 23) — Loss — $ 8 642 301 24

COMPUTATION OF TAX

25. Net Income (Item 24 above) $
26. Less Credit of $3,000 (for a domestic corporation having a net income of less than $25,000)
27. Balance (Item 25 minus Item 26) $
28. Income Tax (12% of Item 27) $
29. If net income of domestic corporation is less than $25,000, enter the amount over $25,000
30. Total Tax (Item 28 plus Item 29) $
31. Less: Income Tax Paid at Source. (This credit can only be allowed to a nonresident foreign corporation) $
32. Income Tax Paid to a Foreign Country or U. S. possession by a domestic corporation (see Inst. 27)
33. Balance of Tax (Item 30 minus Items 31 and 32) $

An amended return must be marked "Amended" at top of return

Checks and drafts will be accepted only if payable at par

SCHEDULE A—COST OF MANUFACTURING OR PRODUCING GOODS (See Instruction 2)

Items	Amount	Items	Amount (Enter as Item 24)
Salaries and wages	$		$
Material and supplies			

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 8)

1. Kind of Property	2. Date Acquired	3. Amount Realized	4. Depreciation Allowable Since Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater	6. Subsequent Improvements	7. Net Profit (Enter as Item 9)
		$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 12)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 12)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 14)

1. Items	2. Amount (Enter as Item 14)
Salaries and wages	$

SCHEDULE E—TAXES PAID (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 17)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 17)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 18)

1. Year	2. Sales on Account	3. Bad Debts
1926	$	$
1927		
1928		
1929		
1930		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 19)

1. Name of Corporation	Amount of Dividends 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 20)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater (Exclusive of Land)	Amount of Depreciation Charged Off 6. Previous years	7. This year
				$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1928 and the Regulations issued thereunder.

Sworn to and subscribed before me this 1st day of June, 1931.

Material Seal

Dan P. Potter
(Signature of officer administering oath)

Notary Public
(Title)

Corporate Seal

President.

Treasurer.

Attach a separate sheet if any of the above schedules do not provide sufficient space

SCHEDULE 1.—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1 Net income from Item 24, page 1 of the return ..... Loss	$ 8	642	301	24
2 Other taxable income				
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia	2	835	681	42
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended				
(c) Interest on obligations of the United States or its possessions	6	683	976	83
(d) Dividends deductible under section 23(p) of the Revenue Act of 1936		302	021	78
(e) Proceeds of life insurance policies paid upon the death of the insured				
(f) Other items of nontaxable income (to be detailed):				
(1) Accural	9	334	251	46
(2) Various see schedule 1	2	855	404	63
(3)				
3 Charges against reserve for bad debts, if Item 18, page 1 of return, is not an addition to a reserve				
4 Charges against reserve for contingencies, etc. (to be detailed):				
(1) Net charges and reserves	3	125	874	73
(2)				
(3)				
5 Total of Lines 1 to 4, inclusive	$ 16	494	909	61
6 Total from Line 14	12	079	885	54
7 Net profit for year, as shown by books, before any adjustments are made (Line 5 minus Line 6)	$ 4	415	024	07
8 Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	56	171	350	23
9 Other credits to surplus (to be detailed):				
(1)				
(2)				
(3)				
10 Total of Lines 7 to 9, inclusive	$ 60	586	374	30
11 Total from Line 17	6	600	000	00
12 Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	$ 53	986	374	30

13 Unallowable deductions				
(a) Donations, gratuities, and contributions	$	113	505	36
(b) Income and profits taxes paid to the United States, and so much of such taxes paid to its possessions or foreign countries as are claimed as a credit in Item 22, page 1 of the return		1	726	90
(c) Federal taxes paid on tax free covenant bonds				
(d) Special improvement taxes tending to increase the value of the property assessed				
(e) Furniture and fixture additions, or betterments treated as expenses on the books				
(f) Replacements and renewals				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 18, page 1 of return				
(j) Additions to reserves for contingencies, etc. (to be detailed):				
(1) Reserve for losses	2	860	000	00
(2) Bond amortization		118	000	00
(3)				
(k) Other unallowable items (to be detailed):				
(1) Accurals	7	729	378	00
(2) Various see schedule 1	1	257	275	28
(3)				
14 Total of Line 13	$ 12	079	885	54
15 Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):				
(a) Date paid ..... Character	$			
(b) Date paid ..... Character				
(c) Date paid ..... Character				
(d) Date paid ..... Character	6	600	000	00
16 Other debits to surplus (to be detailed):				
(1)				
(2)				
(3)				
17 Total of Lines 14 and 16	6	600	000	00

QUESTIONS

KIND OF BUSINESS

1 By means of the key letters given below, identify the corporation's main income-producing activity with one of the general classes, and follow this by a special description of the business sufficient to give the information called for under each general class.

A.—Agriculture and related industries, including fishing, logging, ice harvesting, etc., and also the leasing of such property. State the product or products. **B.**—Mining and quarrying, including gas and oil wells, and also the leasing of such property. State the product or products. **C.**—Manufacturing. State the product and also the material if not implied by the name of the product. **D.**—Construction—excavations, buildings, bridges, railroads, ships, etc., also equipping and installing same with systems, devices, or machinery, without their manufacture. State nature of structures built, materials used, or kind of installations. **E1.**—Transportation—rail, water, local, etc. State the kind and special product transported, if any. **E2.**—Public utilities—gas (natural, coal, or water); electric light or power (hydro or steam generated); heating (steam or hot water); telephone; waterworks or power. **E3.**—Storage—without trading or profit from sales—(elevators, warehouses, stockyards, etc.). State product stored. **E4.**—Leasing transportation or utilities. State kind of property. **F.**—Trading in goods bought and not produced by the trading concern. State manner of trade, whether wholesale, retail, or commission, and product handled. Sales with storage with profit primarily from sales. **G.**—Service—domestic, including hotels, restaurants, etc.; amusements; other professional, personal, or technical service. State the service. **H.**—Finance, including banking, real estate, insurance. **I.**—Concerns not falling in above classes (a) because of combining several of them with no predominant business, or (b) for other reasons.

2 Concerns whose business involves activity falling in two or more of the above general classes, where the *same product* is concerned, should report business as identified with but one of the above general classes; for example, concerns in A or B which also transport and market their own product exclusively or mainly, should still be identified with classes A or B; concerns in C (manufacturing) which own or control their source of material supply in A or B and which also transport, sell, or install their own product exclusively or mainly, should be identified with manufacturing; concerns in D may control or own the source of supply of materials used exclusively or mainly in their constructive work; concerns in E1 or E2 may own or control the source of their material or power; concerns in F may transport or store their own merchandise, but its production would identify them with A, B, or C.

3 Answer

(a) General class (use key letter designation) .....

(b) Main income-producing business (give specifically the information called for under each key letter, also whether acting as principal, or as agent on commission; state if inactive or in liquidation)

.....

.....

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AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 36

4 Is this a consolidated return of two or more corporations? .....

If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return. See Article 12 (c) and (d), Regulations 75.

5 Did the corporation file a consolidated return for the preceding taxable year? .....

5—16668

PREDECESSOR BUSINESS

6 Did the corporation file a return under the same name for the preceding taxable year? ..... Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? ..... If answer is "yes," give name and address of each predecessor business, and the date of the change in entity: .....

.....

Upon such change were any asset values increased or decreased? .....

If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7 Is this return made on the basis of actual receipts and disbursements? Yes

If not, describe fully what other basis of method was used in computing net income. .....

.....

VALUATION OF INVENTORIES

8 State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. .....

.....

.....

.....

.....

LIST OF ATTACHED SCHEDULES

9 Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Schedule 1 Profit and Loss

2 Balance Sheet

.....

.....

.....

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.....

.....

The corporation's books are in care of .....

Located at .....

BANK OF AMERICA NT & SA.1930

San Francisco, California

Schedule 1

INCOME:	Books	Schedule L	Taxable
Interest	$34,794,571.65	$ 150,303.08	$
Interest - Municipal	2,835,681.42	2,835,681.42	
Interest - U. S.	6,683,976.83	6,683,976.83	
Dividends	302,021.78	302,021.78	
Service Charge & Fees	2.174.097.47		
Rent	588,623.09		
Exchange	210,784.50		
Other earnings	528,150.06	1,142.68	
Overs	45,813.64		
Travel Department	50,329.18		
Bank premises income	4,250,455.53		
Other Real Estate income	249,794.34		
Good Will	1,002,863.63	1,002,863.63	
1929 Accruals B. of I.	517,037.62	517,037.62	
1929 " B of A on State Bk.	1,631,801.11	1,631,801.11	
1930 " B. of A. NT & SA	7,185,412.73	7,185,412.73	
Bond Brokerage	1,910,244.28	783.58	
Net charges to reserves		3,125,874.73	
Depreciation		1,213,505.32	
" on restorations		4,530.03	
Pension fund loss		12,323.08	
Interest charged R.E.		340,078.63	
Attys fees " " "		129,764.54	
Monte Vista Syndicate		110.06	
Total Income	$64,961,618.86	$25,137,210.85	$39,824,408.01
Total Deductions	60,546,594.79	12,079,885.54	48,466,709.25
Net Income	$ 4,415,024.07	$13,057,325.31	$ 8,642,301.24

DEDUCTIONS:	Books	Schedule L	Taxable
Interest	$24,403,724.03	$	$
Shorts	80,546.09		
Expense	16,024,691.54	113,505.36	
Rent	4,195,974.16		
Losses	1,338,689.45	178,712.16	
Bank premises expense	1,656,316.74		
Other real estate "	7,824.32		
Taxes	1,120,655.41	1,726.90	
Loss Bonds	72,499.37		
Bond amortization res.	118,000.00	118,000.00	
Other deductions	320.37		
Depreciation	507,160.36		
Reserve for losses	2,860,000.00	2,860,000.00	
Good will	372,557.05	372,557.05	
Advances to trusts	50,000.00	50,000.00	
1929 accruals B. of I.	5,240,054.01	5,240,054.01	
1929 " B.ofA. State Bk	1,954,899.84	1,954,899.84	
1930 " B. of A. NT&SA	534,424.15	534,424.15	
Write down U. S. Securities		261,167.93	
Profit on U. S. Securities		331,914.29	
Trust Dept. Branch 604		4,665.95	
Write down bonds Security division		50,000.00	
Taxes Foreign	8,257.90	8,257.90	
Total Deductions	$60,546,594.79	$12,079,885.54	$48,466,709.2

8.2

BANK OF AMERICA NT & SA.1930

San Francisco, California

Schedule 2

Balance Sheets

ASSETS:	Beginning	Closing
Loans	$ 511,684,463.84	$ 631,268,007.29
Securities	265,630,853.92	272,186,978.94
Cash and Due from Banks	106,855,644.33	106,812,449.36
Bank Premises	24,165,735.32	41,458,437.50
Furniture and Fixtures	5,510,783.00	12,403,493.46
S. D. Vaults	1,990,723.19	3,256,691.29
Autos	24,361.21	35,410.85
Stationery and Supplies	210,643.99	241,554.71
Redemption Fund	412,895.00	500,000.00
Other Real Estate	4,385,129.31	7,767,041.68
Accrual Items	5,037,293.35	7,483,465.89
Other resources	1,886,092.86	597,225.16
Clearings	82,060,577.74	14,620,374.44
Total	$1,009,885,197.06	$1,098,631,130.57

LIABILITIES:		
Capital Stock	$ 50,000,000.00	$ 50,000,000.00
Surplus	45,000,000.00	50,000,000.00
Undivided Profits	11,171,350.23	3,986,374.30
Reserve - Taxes	32,280.14	1,868,349.05
Reserve - Compensation	999,903.06	
Reserve - Registered mail insurance	26,550.72	1,945.55
Reserve - Losses	400,000.00	2,234,974.35
Reserve - Insurance	37,527.69	120,153.08
Reserve - Depletion		592,293.33
Reserve - Depreciation		9,864,917.30
Reserve - Mortality Loss		5,872.60
Reserve - Bond premiums		118,000.00
Reserve - Losses on Bonds		569,245.95
Reserve - Employes Loans		100,000.00
Reserve - Auto Conversion & Confsca.		165.00
Deposits	887,872,769.57	961,831,595.52
Circulation	8,566,080.00	10,000,000.00
Other Liabilities	5,295,146.15	7,638,671.03
Accrual Items	479,581.50	698,573.51
	$1,009,885,197.06	$1,098,631,130.57

Items	Amount	Items	Amount (Enter on line 14)
Salaries and wages	$		$
Material and supplies			

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 8)

1. Kind of Property	2. Date Acquired	3. Amount Realized	4. Depreciation Allowed Since Acquisition	5. Cost or Value as of March 1, 1913, Whichever Indicated	6. Subsequent Improvements	7. Net Profits (Enter on line 8)
		$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 12)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Salary or Other Income		6. Amount of Compensation (Enter on line 13)
			4. Common	5. Preferred	
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 14)

1. Items	2. Amount (Enter on line 16)
Salaries and wages	$

SCHEDULE E—TAXES PAID (See Instruction 16)

1. Items	2. Amount (Enter on line 16)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 17)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Indicated	4. Subsequent Improvements	5. Depreciation Allowed Since Acquisition	6. Insurance and Salvage Value	7. Unrecovered Loss (Enter on line 11)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 18)

1. Year	2. Balance on Account	3. Bad Debts
1926	$	$
1927		
1928		
1929		
1930		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 19)

1. Name of Corporation	Amount of Dividends	
	2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 20)

1. Kind of Property (If buildings state material of which constructed)	2. Date Acquired	3. Age When Acquired	4. Estimated Life After Acquisition	5. Cost or Value as of March 1, 1913, Whichever Indicated (Exclusive of Land)	Amount of Depreciation Claimed for 6. Previous years	7. This year
				$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1928 and the Regulations issued thereunder.

Sworn to and subscribed before me this 1st day of June, 1931.

NOTARIAL SEAL

(Signature of officer administering oath)

In and for the City and County of San Francisco, State of California

CORPORATE SEAL

Henry Dinan, President

L. F. Moulton, Secretary

Attach a separate sheet if any of the above spaces do not provide sufficient space

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SCHEDULE A—COST OF MANUFACTURING OR PRODUCING GOODS (See Instruction 2)

Items	Amount	Items	Amount (Enter as Item 9a)
Salaries and wages	$		$
Material and supplies			

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 8)

1. Kind of Property	2. Date Acquired	3. Amount Realized	4. Depreciation Allowable Since Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater	6. Subsequent Improvements	7. Net Profit (Enter as Item 4)
		$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 12)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned: 4. Common	Shares of Stock Owned: 5. Preferred	6. Amount of Compensation (Enter as Item 12)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 14)

1. Items	2. Amount (Enter as Item 14)
Salaries and wages	$

SCHEDULE E—TAXES PAID (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 17)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 17)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 18)

1. Year	2. Sales on Account	3. Bad Debts
1926	$	$
1927		
1928		
1929		
1930		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 19)

1. Name of Corporation	Amount of Dividends: 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 20)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater (Exclusive of Land)	Amount of Depreciation Claimed for: 6. Previous years	7. This year
				$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that the return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1928 and the Regulations issued thereunder.

Sworn to and subscribed before me this 1st day of June, 1931.

NOTARIAL SEAL

(Signature of officer administering oath)

NOTARY PUBLIC
In and for the City and County of San Francisco, State of California

CORPORATE SEAL

Kenny Dunn
President.
R. Ellsworth
Secretary
Asst Secretary

Attach a separate sheet if any of the above spaces do not provide sufficient space

2015

Form 2000

CLOSED

No Additional Tax

Date of R.R.A. 8-20-33

Auditor

Sec. E Col. 5

Date 2-1-34

Reviewer

Date 2/2/34

CORPORATION

For Calendar

File This Return with the Collector

PRINT PLAINLY

TRANSAMERICA CORPORATION

SAN FRANCISCO CALIFORNIA

Date of Incorporation

Under the Laws of what State or Country Delaware

RECEIVED JUN 15 1931 COLLECTOR OF INT'L REVENUE DIST. CALIF.

Kind of Business

Is This a Consolidated Return of Two or More Corporations? Yes. If so, How Many?

GROSS INCOME

CONSOLIDATED NET INCOME

1. Transamerica Corporation	San Francisco, California	$ 1,174,975.77
2. America Investment Company	San Francisco, California	None
3. America Fire Security Insurance Corporation	San Francisco, California	19,543.35
4. America Properties Company	San Francisco, California	17,969.18
5. Bank of America Company	San Francisco, California	160,035.49
6. Bank of America	San Francisco, California	358,514.19
7. Bank of America National Trust and Savings Association	San Francisco, California	8,065,830.14
8. Bankamerica Agricultural Credit Corporation	San Francisco, California	146,452.17
9. Bankitaly Mortgage Company	San Francisco, California	437,167.59
10. California Lands, Inc.	San Francisco, California	1,272,982.77
11. California Joint Stock Land Bank	San Francisco, California	49,790.99
12. Credit I Company	San Francisco, California	551,728.02
13. Butte County Savings Bank	Chico, California	18,002.52
14. Placerville National Bank	Placerville, California	46,798.14
15. Vallejo Commercial National Bank	Vallejo, California	80,231.74
16. First National Bank in Grass Valley	Grass Valley, California	4,021.55
17. Inter-Continental Corporation	San Francisco, California	18,186,367.36
18. Marchant National Trust and Savings Association	San Francisco, California	497,327.60
19. Transamerica Service Corporation, Formerly National Commercial Properties, Inc.	San Francisco, California	12,[illegible].53
20. Oakland Bank	Oakland, California	[illegible]2.69
21. Occidental Investment Company	Los Angeles, California	[illegible]
22. Occidental Corporation	Los Angeles, California	[illegible].02
23. John B. Shea Company	San Jose, California	1,[illegible].13
24. Transamerica Bank Holding Company	San Francisco, California	2,308,[illegible].42
25. Transamerica Insurance Holding Company	San Francisco, California	139,549.12
26. Transamerica International Corporation	San Francisco, California	903,277.02
27. Transamerica Mortgage Holding Company	San Francisco, California	37,761.36
28. Transamerica Service Company	San Francisco, California	16,423.97
29. Realty Holding Company of America, Formerly Transamerica Realty Holding Company		287,429.96
30. Transamerica Public Utilities Holding Company	San Francisco, California	5,925.[illegible]
31. First National Corporation of Portland	San Francisco, California	11,839.[illegible]
32. Coast Company	San Francisco, California	201,473.[illegible]
33. Merchants National Trust and Savings Bank	Los Angeles, California	1,[illegible]
34. Corporation of America	San Francisco, California	2,113,513.[illegible]
35. Geo. E. Bates Company	Portland, Oregon	9,081.[illegible]
36. Bank of East Portland	Portland, Oregon	10,735.[illegible]
37. California Mortgage Insurance Company	San Francisco, California	4,828.[illegible]
Statutory Loss		38,931,911.99

Separate returns for each of the above named corporations are attached and made part of this return.

(a) Net Loss for 1929-1930 taken as credit

(b)

(c)

(d)

28. Total Deductions as Found in 19 to 27

29. Net Income Gross 18 minus Item 28

30. Net Income Gross 29 plus Item 19 (Consolidated net income)

31. Less Credit of 25% of net income including a net income of less than $25,000

32. Balance Gross 30 minus Item 31

33. Income Tax Paid at Source. (Net income)

34. Income Tax Paid to a Foreign Country

35. Balance of Tax Due (Net Income)

Additional Information

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income from Form 10, page 1 of return
2. Net income
   (a) Interest on obligations of a State, Territory, any political subdivision thereof, or the District of Columbia
   (b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended
   (c) Interest on obligations of the United States or its possessions
   (d) Dividends deductible under Section 22(a) of the Revenue Act of 1926
   (e) Proceeds of life insurance policies paid upon the death of the insured
   (f) Other items of nontaxable income (to be detailed):
   (1)
   (2)
   (3)
3. Charges against reserve for bad debts, if Item 10, page 1 of return, is not an addition to a reserve
4. Charges against reserves for contingencies, etc. (to be detailed):
   (a)
   (b)
   (c)
5. Total of Lines 1 to 4, inclusive
6. Total from Line 14
7. Net profit for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6)
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year
9. Other credits to surplus (to be detailed):
   (a)
   (b)
   (c)
10. Total of Lines 7 to 9, inclusive
11. Total of Line 17
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)

13. Deductible deductions
   (a) Depreciation, depletion, and amortization
   (b) Taxes and profits taxes paid or the United States, and or [illegible] taxes paid to possessions or foreign countries or are deducted as a credit in Item 16, page 1 of the return
   (c) Deferred taxes paid on income earned [illegible]
   (d) Special improvement taxes leading to increase the value of the property
   (e) Furniture and fixtures, additions, or betterments treated as expenses on the books
   (f) Replacements and renewals
   (g) Insurance premiums paid on the life of any officer or employee when the corporation is directly or indirectly a beneficiary
   (h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation
   (i) Additions to reserve for bad debts which are not included in Item 10, page 1 of return
   (j) Additions to reserves for contingencies, etc. (to be detailed):
   (1)
   (2)
   (3)
   (k) Other nondeductible deductions (to be detailed):
   (1)
   (2)
   (3)
14. Total of Line 13
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):
   (a) Date paid _____ Character _____
   (b) Date paid _____ Character _____
   (c) Date paid _____ Character _____
   (d) Date paid _____ Character _____
16. Other debits to surplus (to be detailed):
   (a)
   (b)
   (c)
17. Total of Lines 15 and 16

QUESTIONS

KIND OF BUSINESS

1. By means of the key letters given below, identify the corporation's main income-producing activity with one of the general classes, and follow this by a special description of the business sufficient to give the information called for under each general class.

A.—Agriculture and related industries, including fishing, logging, ice harvesting, etc., and also the leasing of such property. State the product or products. **B.**—Mining and quarrying, including gas and oil wells, and also the leasing of such property. State the product or products. **C.**—Manufacturing. State the product and also the material if not implied by the name of the product. **D.**—Construction—excavations, buildings, bridges, railroads, ships, etc., also equipping and installing same with systems, devices, or machinery, without their manufacture. State nature of structures built, materials used, or kind of installations. **E1.**—Transportation—rail, water, local, etc. State the kind and special product transported, if any. **E2.**—Public utilities—gas (natural, coal, or water); electric light or power (hydro or steam generated); heating (steam or hot water); telephone; waterworks or power. **E3.**—Storage—without trading or profit from sales—(elevators, warehouses, stockyards, etc.). State product stored. **E4.**—Leasing transportation or utilities. State kind of property. **F.**—Trading in goods bought and not produced by the trading concern. State manner of trade, whether wholesale, retail, or commission, and product handled. Sales with storage with profit primarily from sales. **G.**—Service—domestic, including hotels, restaurants, etc.; amusements; other professional, personal, or technical service. State the service. **H.**—Finance, including banking, real estate, insurance. **I.**—Concerns not falling in above classes (a) because of combining several of them with no predominant business, or (b) for other reasons.

2. Concerns whose business involves activity falling in two or more of the above general classes, where the *same product* is concerned, should report business as identified with but one of the above general classes; for example, concerns in A or B which also transport and market their own product exclusively or mainly, should still be identified with classes A or B; concerns in C (manufacturing) which own or control their source of material supply in A or B and which also transport, sell, or install their own product exclusively or mainly, should be identified with manufacturing; concerns in D may control or own the source of supply of materials used exclusively or mainly in their constructive work; concerns in E1 or E2 may own or control the source of their material or power; concerns in F may transport or store their own merchandise, but its production would identify them with A, B, or C.

3. Answers
   (a) General class (use key letter designation) _____
   (b) Main income-producing business (give specifically the information called for under each key letter, also whether acting as principal, or as agent on commission; state if inactive or in liquidation)

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 36

4. Is this a consolidated return of two or more corporations? _____ If so, procure from the Commissioner of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filed in, sworn to, and filed as a part of this return under Article 13 (c) and (f) Regulations 75.

[illegible] corporation file a consolidated return for the preceding taxable [illegible]

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? _____ Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? _____ If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. _____

Upon such change were any asset values increased or decreased? _____ If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of actual receipts and disbursements? _____ If not, describe fully what other basis or method was used in computing net income. _____

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. _____

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Form 1122
Form 851

The corporation's books are in care of _____

Located at _____

TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

SAN FRANCISCO, CALIF.

OFFICE OF THE COLLECTOR
First District of California

1a - 1

March 14 1932

In Replying Refer To

Transamerica Corporation, (Consolidated Return)
460 Montgomery Street,
San Francisco, Calif.

Sir:-

Receipt is acknowledged of your letter of recent date requesting for the reasons therein given, extension of time within which to file your return of income for the calendar year 1931.

PROVIDED A TENTATIVE RETURN IS FILED WITH THE COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT ON OR BEFORE March 15, 1932 AND PAYMENT MADE AT THAT TIME OF AT LEAST ONE-FOURTH OF THE TOTAL ESTIMATED TAX SHOWN THEREON TO BE DUE, you are hereby granted an extension of time to June 15, 1932.

Any deficiency in the first installment of tax will bear interest at the rate of one-half of one per cent a month from the original due date.

By a "tentative return" is meant a return on the appropriate income tax form, showing only the name and address of the taxpayer and the estimated amount, if any, of the tax due. The items and schedules shown on the form need not be filled in.

This letter, or a copy thereof, must be attached to the tentative and completed returns as authority for the extension of time herein granted. The completed return when filed should be plainly marked "completed return".

Respectfully,

DAVID BURNET, Commissioner,

By

(Signed) John P. McLaughlin
Collector

GD

SCHEDULE A—COST OF MANUFACTURING OR PRODUCING GOODS (See Instruction 5)

Items	Amount	Items	Amount (Enter as Item 24)
Salaries and wages	$		$
Material and supplies			

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 8)

1. Kind of Property	2. Date Acquired	3. Amount Realized	4. Depreciation Allowable Since Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater	6. Subsequent Improvements	7. Net Profit (Enter as Item 6)
		$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 12)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 13)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 14)

1. Items	2. Amount (Enter as Item 16)
Salaries and wages	$

SCHEDULE E—TAXES PAID (See Instruction 16)

1. Items	2. Amount (Enter as Item 18)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 17)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 27)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 18)

1. Year	2. Sales on Account	3. Bad Debts
1927	$	$
1928		
1929		
1930		
1931		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 19)

1. Name of Corporation	Amount of Dividends 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 20)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater (Exclusive of Land)	Amount of Depreciation Claimed Off 6. Previous years	7. This year
				$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and to the best of his knowledge and belief, is true and complete return made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1928 and the Regulations issued thereunder.

Sworn to and subscribed before me this 3rd day of June, 1932.

Virginia R. Beede

(Signature of officer administering oath) (Title)

CORPORATE SEAL

Section 40 Attach a separate sheet if any of the above schedules do not provide sufficient space.

NOTARY PUBLIC

(Seal) (Name of San Francisco, State of California)

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Form 1120
TREASURY DEPARTMENT
Internal Revenue Service
(Auditor's Stamp)

CORPORATION INCOME TAX RETURN
For Calendar Year 1931

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1932

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
(Name)

(Street and number)

SAN FRANCISCO CALIFORNIA
(Post office and State)

Date of Incorporation 1927

Under the Laws of what State or Country U. S.

Page 1 of Return

File No.

Social Number

District
(Cashier's Stamp)

Cash Check M.O. Cert. of Ind.
First Payment
$

Kind of Business ..... Is This a Consolidated Return of Two or More Corporations? ..... If so, How Many? .....

Item and Schedule No.

GROSS INCOME

1. Gross Sales from Trading or Manufacturing, $ ..... ; Less Returns and Allowances, $ ..... ; Net Sales $
2. Less Cost of Goods Sold:
   (a) Inventory at beginning of year $
   (b) Merchandise bought for sale
   (c) Cost of manufacturing or producing goods (From Schedule A): Salaries and Wages, $ ..... ; Other costs, $ ..... ; Total
   (d) Total of lines (a), (b), and (c) $
   (e) Less inventory at end of year
3. Gross Profit from Trading or Manufacturing (Item 1 minus Item 2) $
4. Gross Profit from Operations Other Than Trading or Manufacturing. (State source of income):
   (a)
   (b)
   (c)
5. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds
6. Rents
7. Royalties
8. Profit from Sale of Real Estate, Stocks, Bonds, and other Capital Assets (From Schedule B)
9. Dividends on Stock of Domestic Corporations
10. Other Income (including dividends received on Stock of foreign corporations). (State nature of income):
    (a)
    (b)
    (c)
11. TOTAL INCOME IN ITEMS 3 TO 10 $

DEDUCTIONS

12. Compensation of Officers (From Schedule C) $
13. Rent on Business Property
14. Repairs (From Schedule D); Salaries and Wages, $ ..... ; Other Costs, $ ..... ; Total
15. Interest
16. Taxes (From Schedule E)
17. Losses (From Schedule F)
18. Bad Debts (From Schedule G)
19. Dividends (From Schedule H)
20. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)
21. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 21)
22. Other Deductions Not Reported Above. (Explain below, or on separate sheet):
    (a) Salaries and wages. (Not included in Item 3, 12, or 14 above)
    (b) Net Loss for 1928–1929 (Submit schedule)
    (c)
    (d)
    (e)
23. TOTAL DEDUCTIONS IN ITEMS 12 TO 22 $
24. NET INCOME (Item 11 minus Item 23) Schedule J $ 8,066,600.14

COMPUTATION OF TAX

25. Net Income (Item 24 above) $
26. Less Credit of $3,000 (for a domestic corporation having a net income of less than $25,000)
27. Balance (Item 25 minus Item 26) $
28. Income Tax (12% of Item 27)
29. If net income of domestic corporation is less than $25,000, enter the amount over $25,000
30. Total Tax (Item 28 plus Item 29)
31. Less: Income Tax Paid at Source. (This credit can only be allowed to a nonresident foreign corporation)
32. Income Tax Paid to a Foreign Country or U. S. possession by a domestic corporation (see Inst. 27)
33. Balance of Tax (Item 30 minus Items 31 and 32)

An amended return must be marked "Amended" at top of return

Checks and drafts will be accepted only if payable at par

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SCHEDULE 1—[illegible]

1. Net income from line 31, page 1 of the return				
2. Nontaxable income				
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia				
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended				
(c) Interest on obligations of the United States or its possessions				
(d) Dividends deductible under Section 26(b) of the Revenue Act of 1936				
(e) Proceeds of life insurance policies paid upon the death of the insured				
(f) Other items of nontaxable income (to be detailed):				
(1) Schedule 1	20	813	460	98
(2) Schedule 1 12/31/30 Accrual		600	734	83
(3)				
3. Charges against reserve for bad debts, if Item 35, page 1 of return, is not an addition to a reserve				
4. Charges against reserve for contingencies, etc. (to be detailed):				
(1)				
(2)				
(3)				
5. Total of Lines 1 to 4, inclusive	13	348	305	67
6. Total from Line 14	7	794	368	41
7. Net profit for year, as shown by books, before any adjustments are made thereto (Line 5 minus Line 6)	5	553	937	26
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	53	986	374	30
9. Other credits to surplus (to be detailed):				
(1)				
(2)				
(3)				
10. Total of Lines 7 to 9, inclusive	59	540	311	56
11. Total from Line 17	5	400	000	00
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	54	140	311	56

13. Nondeductible items:				
(a) Insurance premiums and expenses				
(b) Income or profits taxes paid or accrued to the United States, and to any state, county and city, foreign possession or foreign country to the extent not allowed as a credit in Item 36, page 1 of the return				
(c) Federal taxes, other than income or excess profits taxes				
(d) Special depreciation and depletion allowance in excess the value of the property exhausted				
(e) Purchases and transfers of securities or instruments treated as expense on the books				
(f) Replacements and renewals				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 35, page 1 of return				
(j) Additions to reserves for contingencies, etc. (to be detailed):				
(1)				
(2)				
(3)				
(k) Other nondeductible deductions (to be detailed):				
(1) Schedule 1-a	1	554	175	92
(2) Schedule 1 12/31/30 accrual	1	240	192	49
(3)				
14. Total of Line 13	7	794	368	41
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):				
(a) Date paid _____ Character _____	5	400	000	00
(b) Date paid _____ Character _____				
(c) Date paid _____ Character _____				
(d) Date paid _____ Character _____				
16. Other debits to surplus (to be detailed):				
(1)				
(2)				
(3)				
17. Total of Lines 15 and 16	5	400	000	00

QUESTIONS

KIND OF BUSINESS

1. By means of the key letters given below, identify the corporation's main income-producing activity with one of the general classes, and follow this by a special description of the business sufficient to give the information called for under each general class.

A.—Agriculture and related industries, including fishing, logging, tree harvesting, etc., and also the leasing of such property. State the product or products. B.—Mining and quarrying, including gas and oil wells, and also the leasing of such property. State the product or products. C.—Manufacturing. State the product and also the material if not implied by the name of the product. D.—Construction—excavations, buildings, bridges, railroads, ships, etc., also equipping and installing same with systems, devices, or machinery, without their manufacture. State nature of structures built, materials used, or kind of installations. E1.—Transportation—rail, water, local, etc. State the kind and special product transported, if any. E2.—Public utilities—gas (natural, coal, or water); electric light or power (hydro or steam generated); heating (steam or hot water); telephone; waterworks or power. E3.—Storage—without trading or profit from sales—(elevators, warehouses, stockyards, etc.). State product stored. E4.—Leasing transportation or utilities. State kind of property. F.—Trading in goods bought and not produced by the trading concern. State manner of trade, whether wholesale, retail, or commission, and product handled. Sales with storage with profit primarily from sales. G.—Service—domestic, including hotels, restaurants, etc.; amusements; other professional, personal, or technical service. State the service. H.—Finance, including banking, real estate, insurance. I.—Concerns not falling in above classes (a) because of combining several of them with no predominant business, or (b) for other reasons.

2. Concerns whose business involves activity falling in two or more of the above general classes, where the same product is concerned, should report business as identified with but one of the above general classes; for example, concerns in A or B which also transport and market their own product exclusively or mainly, should still be identified with classes A or B; concerns in C (manufacturing) which own or control their source of material supply in A or B and which also transport, sell, or install their own product exclusively or mainly, should be identified with manufacturing; concerns in D may control or own the source of supply of materials used exclusively or mainly in their constructive work; concerns in E1 or E2 may own or control the source of their material or power; concerns in F may transport or store their own merchandise, but its production would identify them with A, B, or C.

3. Answer:

(a) General class (use key letter designation) _____

(b) Main income-producing business (give specifically the information called for under each key letter, also whether acting as principal, or as agent on commission; state if inactive or in liquidation)

_____

_____

_____

_____

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 20

4. Is this a consolidated return of two or more corporations? _____ If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filed in, sworn to, and filed as a part of this return. See Article 12 (c) and (d), Regulations 75.

5. Did the corporation file a consolidated return for the preceding taxable year? _____

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? _____ Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? _____ If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. _____

_____

_____

Upon such change were any asset values increased or decreased? _____ If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of actual receipts and disbursements? _____ If not, describe fully what other basis or method was used in computing net income. _____

_____

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. _____

_____

_____

_____

_____

_____

_____

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Schedule 1 - 1a - Profit and Loss

2 - Balance Sheets

_____

_____

_____

_____

_____

_____

The corporation's books are in care of _____

Located at _____

7-4

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
San Francisco, California
1931

Schedule 1
Profit and Loss

	Books	Schedule 1	Taxable
INCOME			
Interest	$51,939,343.61	$ 1,000,000.00	$
Interest - Municipal	3,259,166.76	3,259,166.76	
Interest - U. S.	5,[illegible].178.65	5,[illegible].178.65	
Dividends	135,321.21	135,321.21	
Service Charges	1,[illegible].[illegible].19		
Rent	3,603,[illegible].72		
Exchange	395,[illegible].87		
Other earnings	176,[illegible].97		
Overs	36,[illegible].90		
Travel Department	26,[illegible].25		
Bond Brokerage	554,[illegible].62		
Trust Department	1,277,333.44		
Recoveries	611,157.05		
Reserve for Bond Losses	127,[illegible].53	127,[illegible].53	
Reserve for taxes	500,000.00	500,000.00	
Reserve for contingencies	135,000.00	135,000.00	
Depreciation charged to Reserve		1,738,493.88	
Losses charged to Reserve		1,037,735.03	
Depreciation on Restorations		55,431.65	
Depreciation on other Real Estate		46,605.70	
Loss on bonds sold, due to write downs		958,750.52	
Adjust profit on sale Real Estate		29,127.20	
Adjust profit on sale Securities		126,758.[illegible]	
Recoveries of losses, not claimed on returns		53,258.81	
Bad debts, charged off by order National Banking Department		4,329,345.18	
Registered mail insurance		1,945.55	
Interest charged to Real Estate		428,693.52	
Legal fees charged to Real Estate		165,702.75	
Charges to Reserves Trust Department		6,653.[illegible]	
Loss pension fund		40,577.28	
Commissions		4,418.92	
Total Income	$70,685,790.77	$20,813,460.98	$49,872,329.79
Schedule 1-a Total Deductions	65,131,853.51	1,554,175.92	63,577,677.59
Net Income	$ 5,553,937.26	$19,259,285.06	$13,705,347.80
ADD TO INCOME			
12/31/30 ACCRUALS			
Interest	$5,397,968.92		
Interest - U.S. $714,162.39 Exempt			
Interest - Municipal $543,[illegible].[illegible] Exempt			
Interest - Bonds	619,382.91		
Interest Prepaid	15,716.42		
Insurance Prepaid	297,124.24		6,240,192.49
			$7,465,155.31
DEDUCT FROM INCOME-12/31/30 ACCRUAL - Interest			600,734.83
Taxable Income			$8,065,890.14

1/2

Schedule 1-a

	Books	Schedule L	Taxable
DEDUCTIONS			
Interest	$35,445,160.77	$	$
Shorts	67,166.51		
Expense	22,847,372.55	71,044.67	
Taxes	1,472,027.32	96,266.39	
Taxes - Income	105,204.16	105,204.16	
Bond Amortization	648,338.15	648,338.15	
Depreciation	1,019,943.63		
Payment on a/c Santa Monica Bank	2,002.15	2,002.15	
Travel Department Expense	23,271.74		
Exchange	460,059.41		
Profit on sales	369,243.31		
Analysis Fees	29,422.73		
Commissions	50,857.93		
Insurance	21,620.12		
Real Estate Expense	101,238.97		
Losses	2,162,474.01		
Reserve for contingencies	300,000.00	300,000.00	
Reserve for auto collision		1,570.14	
Reserve for mortality Loss		10,263.90	
Reserve for auto confiscation		19,399.86	
Reserve for Self-Insurance		214,430.48	
Write-down securities - London office		78,645.83	
Excess depreciation - autos		7,010.89	
Total Deductions	$65,131,853.51	$ 1,554,175.92	$63,577,677.59

Schedule 2
Balance Sheets

	Beginning	Ending
ASSETS		
Loans	$ 631,268,007.29	$552,589,542.96
Securities	272,186,978.94	237,921,870.93
Cash and due from banks	106,812,449.36	47,942,867.24
Bank premises	41,458,437.50	33,507,462.42
Furniture and Fixtures	12,403,493.46	6,587,345.63
Safe Deposit Vaults	3,256,691.29	2,795,640.83
Autos	35,410.85	
Stationery and Supplies	241,554.71	539,865.06
Redemption Fund	500,000.00	750,000.00
Other Real Estate	7,767,041.68	1,804,145.82
Accrual Items	7,483,465.89	7,132,611.68
Other Resources	597,225.16	1,134,420.09
Clearings	14,620,374.44	20,213,714.15
	$ 1,098,631,130.57	$912,934,486.81
LIABILITIES		
Capital Stock	$ 50,000,000.00	$ 50,000,000.00
Surplus	50,000,000.00	50,000,000.00
Undivided Profits	3,986,374.30	4,140,311.56
Reserve Taxes	1,863,349.05	576,136.78
Reserve Registered Mail Insurance	1,945.55	
Reserve - Losses	2,234,974.35	852,122.64
Reserve - Auto Collision Insurance		1,570.14
Reserve - Insurance	120,153.08	334,583.56
Reserve -Depletion	592,293.33	
Reserve -Depreciation	8,864,917.30	
Reserve -Mortality Loss	5,872.60	16,136.50
Reserve -Bond premium	118,000.00	398,824.08
Reserve Losses on bonds	569,245.95	
Reserve Employes Loan	100,000.00	100,000.00
Reserve Auto Conversion and confiscation	165.00	19,564.16
Deposits	961,831,595.52	749,186,136.43
Circulation	10,000,000.00	15,000,000.00
Other Liabilities	7,638,671.03	21,278,260.37
Accrual items	698,573.51	582,385.75
Reserve -Trust Department		10,000.00
Reserve -Contingencies		165,000.00
Repurchase Agreement		20,353,454.84
	$1,098,631,130.57	$912,934,486.81

SCHEDULE A—COST OF MANUFACTURING OR PRODUCING GOODS (See Instruction 2)

Items	Amount	Items	Amount (Enter as Item 24)
Salaries and wages	$		$
Material and supplies			

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 3)

1. Kind of Property	2. Date Acquired	3. Amount Realized	4. Depreciation Allowable Since Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater	6. Subsequent Improvements	7. Net Profit (Enter as Item 6)
		$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 12)

1. Name of Officers	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 13)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 14)

1. Items	2. Amount (Enter as Item 14)
Salaries and wages	$

SCHEDULE E—TAXES PAID (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 17)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 17)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 18)

1. Year	2. Sales on Account	3. Bad Debts
1927	$	$
1928		
1929		
1930		
1931		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 10)

1. Name of Corporation	Amount of Dividends 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 20)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater (Exclusive of Land)	Amount of Depreciation Charged Off 6. Previous years	7. This year
				$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return made in good faith, for the taxable year stated pursuant to the Revenue Act of 1928 and the Regulations issued thereunder.

Sworn to and subscribed before me this 2nd day of June, 1932.

OFFICIAL SEAL

Virginia A. Burke
(Signature of officer authorized to administer oaths)

(Title)

CORPORATE SEAL

B. Beaman
President.

Treasurer.

See Instruction 22 Attach a separate sheet if any of the above schedules do not provide sufficient space

My Commission Expires April 11, 1933
NOTARY PUBLIC
In and for the City and County of San Francisco, State of California

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Form 1120
Treasury Department
Internal Revenue Service

(Auditor's Stamp)

CLOSED

No Additional Tax
Date of Rev. 8-17-34
Auditor J. Thompson
Sec. E Unit S
Date 3-11-35
Reviewer
Date

CORPORATION INCOME TAX RETURN
For Calendar Year 1932

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1933

File Code 732
Serial 890149
District 1-Calif
(Cashier's Stamp)
MAR 1 1933
Cash Check M. O. Cert. of Ind.
Filed Payment
$

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

TRANSAMERICA CORPORATION
(Name)

(Street and number)

San Francisco, California
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled Out Irrespective of any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation 1928

Under the Laws of what State or Country Delaware

The Corporation's Books are in Care of _____ Located at _____

Kind of Business _____ Is This a Consolidated Return of Two or More Corporations? Yes If so, How Many? 39

ATTACH REMITTANCE HERE

CONSOLIDATED NET INCOME

1.	Transamerica Corporation	1,243,142.28
2.	America Investment Co.	None
3.	America & Security Insurance Corp.	751.51
4.	American Brokerage Inc.	710.34
5.	Bankamerica Company	32,219.15
6.	Bank of America	197,183.03
7.	Bank of America N.T. [illegible]	12,047,167.29
8.	Bancamerica Agricultural Credit Corp.	30,[illegible]
9.	Bankital Mortgage Company	[illegible]
10.	California Leads Inc.	1,468,559.01
11.	California Joint Stock Land Bank	276,580.86
12.	Capital Company	495,653.37
13.	Placerville National Bank	23,130.96
14.	Vallejo Commercial National Bank	69,198.49
15.	First National Bank - Grass Valley	35,430.52
16.	Inter-Continental Corporation	2,172,[illegible].13
17.	Merchants National Realty Corporation	346,[illegible].59
18.	Transamerica Service Corporation	11,055.66
19.	Oakland Bank	2,100.74
20.	Occidental Investment Co.	None
21.	Occidental Corporation	None
22.	John B. Shea Co.	None
23.	Transamerica Bank Holding Co.	6,732,457.41
24.	Transamerica General Holding Co.	1,546,577.60
25.	Transamerica International Corp.	789,774.24
26.	Transamerica Mortgage Holding Co.	83,288.[illegible]
27.	Coast Service Company	9,364.00
28.	Realty Holding Co. of America	1,701.65
29.	Transamerica Public Utilities Holding Co.	3,155.26
30.	First National Corporation of Portland	15,783.94
31.	Cost Company	7,028,764.82
32.	Corporation of America	36,[illegible].61
33.	Geo H. Lains Co.	22,635.66
34.	Bank of East Portland	12,565.10
35.	California Mortgage Insurance Co.	36,093.24
36.	South East Portland Bank	3,273.73
37.	Live Stock State Bank	169.07
38.	Associated American Distributors Inc.	410,552.13
39.	Ontario Bond and Mortgage Co.	1,778.14
	Total	$29,469,157.12

Separate returns for each of the above corporations are attached and made part of this return.

25.	Total Deductions in Items 14 to 24	
26.	Net Income (Item 13 minus Item 25)	LOSS $29,469,157.12
27.	Less: Net Loss for 1931 (Submit schedule)	
28.	Net Income for Tax Computation (Item 26 minus Item 27)	

COMPUTATION OF TAX

29.	Net Income (Item 28 above)	None
30.	Income Tax (13½% of Item 29) (or 14½% of Item 29, if this is a consolidated return)	
31.	Less: Income Tax Paid at Source. (This credit can only be allowed to a nonresident foreign corporation)	
32.	Income Tax Paid to a Foreign Country or United States possession by a domestic corporation (See Instruction 20)	
33.	Balance of Tax (Item 30 minus Items 31 and 32)	

An amended [illegible] be marked "Amended" at top of return. Checks and drafts will be accepted only if payable at par.

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[illegible] the return	$
[illegible] Treasury, or any political [illegible] of Columbia	
[illegible] under the Federal Farm Loan [illegible] exempt	
[illegible] of the United States or its possessions [illegible] under Section 22 (b) of the Revenue	
[illegible] policies paid upon the death of the	
[illegible] (to be detailed):	
[illegible]	
[illegible]	
[illegible]	
[illegible] reserve for bad debts, if item 22, page 1 of return, [illegible] not an addition to a reserve	
5. Charges against reserve for contingencies, etc. (to be detailed):	
(a)	
(b)	
(c)	
6. Total of Lines 1 to 5, inclusive	$
7. Total from Line 14	
8. Net profit for year, as shown by books, before any adjustments are made thereto (Line 6 minus Line 7)	$
9. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	
10. Other credits to surplus (to be detailed):	
(a)	
(b)	
(c)	
11. Total of Lines 7 to 10, inclusive	$
12. Total from Line 17	
13. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 11 minus Line 12)	$

15. Unallowable deductions:	
(a) Donations, gratuities, and contributions	$
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in Item 23, page 1 of the return	
(c) Federal taxes paid on tax-free covenant bonds	
(d) Special improvement taxes tending to increase the value of the property assessed	
(e) Furniture and fixtures, additions, or betterments treated as expense on the books	
(f) Reimbursements and rewards	
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary	
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation	
(i) Additions to reserve for bad debts which are not included in Item 23, page 1 of return	
(j) Additions to reserves for contingencies, etc. (to be detailed):	
(1)	
(2)	
(3)	
(k) Other unallowable deductions (to be detailed):	
(1)	
(2)	
(3)	
14. Total of Line 13	$
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):	
(a) Date paid ..... Character	$
(b) Date paid ..... Character	
(c) Date paid ..... Character	
(d) Date paid ..... Character	
16. Other debits to surplus (to be detailed):	
(a)	
(b)	
(c)	
17. Total of Lines 15 and 16	$

NET INCOME OR DEFICIT REPORTED IN RETURN FOR 1932 BEFORE DEDUCTING NET LOSS FOR PRIOR YEAR

1. Enter amount of net income or deficit for 1932 before deducting net loss for 1931 ..... $
2. Enter amount deducted in return for 1932 as net loss for 1931 ..... $

KIND OF BUSINESS

3. State the main business engaged in, also whether acting as principal or as agent or commission; state if inactive or in liquidation:

Check the proper block below to indicate the general industrial division in which the corporation's main income-producing business falls.

- ☐ Agriculture and related industries, including fishing, forestry, ice harvesting, etc.; also leasing of such property.
- ☐ Mining and quarrying, including gas and oil wells; also leasing of such property.
- Manufacturing—
  - ☐ Food products and beverages.
  - ☐ Tobacco.
  - ☐ Textiles and textile products.
  - ☐ Leather and leather products.
  - ☐ Rubber and related products.
  - ☐ Lumber and wood products, including fiber furniture.
  - ☐ Paper, pulp and products.
  - ☐ Printing, publishing, and allied businesses.
  - ☐ Chemicals and allied products, including petroleum products.
  - ☐ Stone, clay, and glass products.
  - ☐ Metal and metal products, including precious metals and products.
  - ☐ Other manufacturing.
- ☐ Construction—excavations, buildings, bridges, railroads, ships, etc.; also equipping and installing operating systems, devices, or machinery without their manufacture.
- ☐ Transportation—rail, water, aerial, motor, etc.; also leasing of such facilities.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telephone, telegraph or radio, waterworks, heating, toll bridges, etc., also leasing of such utilities.
- ☐ Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.; also leasing of such property.
- ☐ Trading—wholesale, retail, or commission.
- ☐ Service—professional, business, amusement, and domestic, including hotels, restaurants, laundries, etc.
- ☐ Finance—banks and other financial organizations, insurance, real estate; also brokers and agents.

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 40

4. Is this a consolidated return? ..... If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filed in, sworn to, and filed as a part of this return. See Section 141 of the Revenue Act of 1932 and Instruction 41.

5. Was the income of this corporation included in a consolidated return for the prior year? .....

If so, give name of corporation which filed the consolidated return. .....

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? ..... Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? ..... If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. .....

Upon such change were any asset values increased or decreased? .....

If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of cash receipts and disbursements? ..... If not, describe fully what other basis or method was used in computing net income. .....

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. .....

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Affiliation Schedule

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SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATING (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 2 (c), page 1)	Items	Amount (Enter as Item 4, page 1)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 10)

1. Kind of Property	2. Amount Realized	3. Date Acquired	4. Cost	5. March 1, 1913, Value if Acquired Prior to That Date	6. Cost of Improvements Subsequent to Acquisition or March 1, 1913	7. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913	8. Net Profit or Loss (Enter as Item 10)
	$		$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 14)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 14)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 18)

1. Items	2. Amount (Enter as Item 18)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 19)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 19)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 20)

1. Year	2. Sales on Account	3. Bad Debts
1928	$	$
1929		
1930		
1931		
1932		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 21)

1. Name of Corporation	Amount of Dividends 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 22)

1. Kind of Property	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost	6. March 1, 1913, Value if Acquired Prior to That Date	7. Depreciation Allowed (or Allowable) in Prior Years	8. Depreciation Allowable This Year
				$	$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1932 and the Regulations issued thereunder.

Sworn to and subscribed before me this 1st day of June, 1933.

President.

NOTARIAL SEAL

Virginia A. Beck (Notary Public or other officer authorized to administer oaths) (Title)

CORPORATE SEAL

Treasurer.

See Instruction 52. Attach a separate sheet if any of the above schedules do not provide sufficient space.

NOTARY PUBLIC, In and for the County of California

My Commission Expires April 11, 1937

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Form 1120

Auditor's Stamp

CORPORATION INCOME TAX RETURN
For Calendar Year 1932

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1933

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

Name: [illegible] National [illegible] Building Association

[illegible] Street

[illegible], California

It is Essential Except Where Otherwise Provided on the Instructions, That This Form be Completely Filled Out Irrespective of any Statements, Schedules or Reports Submitted Herewith

Date of Incorporation [illegible]

Location of Principal Office or Country [illegible]

Located at [illegible]

(The corporation's Books are in the care of [illegible] Kind of Business [illegible])

Is This a Consolidated Return of Two or More Corporations? If so, How Many? [illegible]

Page 1 of Return

File Code [illegible]

Serial Number [illegible]

District [illegible]

(Cashier's Stamp)

Cash Check M. O. Cert. of Ind.

First Payment

$ [illegible]

ATTACH REMITTANCE HERE

GROSS INCOME

[illegible] Net Sales $ [illegible]

[illegible] Revenue Act of 1932

[illegible] Revenue Act of 1932

[illegible] Schedule I $ 43 444 377 74

DEDUCTIONS

[illegible] $ [illegible]

[illegible] Salaries and Wages $ [illegible] Other Charges, $ [illegible] Total [illegible]

17 [illegible]

18 [illegible]

19 [illegible] Schedule [illegible]

20 Bad Debts (From Schedule [illegible])

21 Dividends (From Schedule [illegible])

22 Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)

23 Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 23)

24 Other Deductions Not Reported Above (Explain below or on separate sheet)

(a) Salaries and wages (Not included in Item 2, 5, 14 or 16 above) [illegible]

(b) [illegible]

(c) [illegible]

(d) [illegible]

25	TOTAL DEDUCTIONS IN ITEMS 14 TO 24	Schedule I	$ 55 491 545 03
26	NET ~~INCOME~~ LOSS (Item 13 minus Item 25)	"	$ 12 047 167 29
27	LESS NET LOSS FOR 1931 (Submit schedule)		$
28	NET INCOME FOR TAX COMPUTATION (Item 26 minus Item 27)		$

COMPUTATION OF TAX

29	Net Income (Item 28 above)	$
30	Income Tax (13½% of Item 29) (or 14½% of Item 29, if this is a consolidated return)	$
31	Less Income Tax Paid at Source. (This credit can only be allowed to a nonresident foreign corporation)	$
32	Income Tax Paid to a Foreign Country or United States possession by a domestic corporation (See Instruction 30)	
33	Balance of Tax (Item 30 minus Items 31 and 32)	$

NOTE: An amended return must be marked "Amended" at top of return. Checks and drafts will be accepted only if payable at par.

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Sch 1

PROFIT & LOSS - 1932

INCOME:	Books	Schedule L	Taxable
Interest-State, County, Munic.	$ 3,410,611.99	$ 3,410,611.99	$
" United States	5,289,563.10	5,289,563.10	
" Other securities	41,506,798.38	330,941.08	
Dividends-Federal Res. Bank	168,271.81	168,271.81	
Rents	1,959,456.48		
Net Profit-Sale bonds	449,950.92	616,362.12	
" " " autos	384.91		
Service charges	1,437,102.20	29,701,36	
Exchange	352,164.23		
Trust department earnings	963,500.29		
Other Earnings	232,993.52	51,310.44	
Recoveries	2,222,555.75	1,274,633.92	
Other Real Estate income	446,434.72		
Overs	30,701.99		
Taxes charged to reserve		1,372,504,99	
Additional taxes paid		4,013.68	
" depreciation		285,184.83	
Restorations		2,468.88	
Net loss - sale real estate		304,461.57	
" " " foreign bonds		30,268.37	
Losses charged reserves		1,808,573.27	
Pension fund		47,241.14	
Total	$58,470,490.29	$15,026,112.55	$43,444,377.74

DEDUCTIONS:			
Interest	$32,075,085.56	$	$
Taxes	5.79		
Losses	5,763,832.89	805,911.12	
Depreciation	1,660,165.63		
Expenses	18,605,006.39	1,798,971 69	
Amortization	483,060.56	483,060.56	
Income credited to reserves		8,468.72	
Total	$58,587,957.12	$ 3,096,412.09	$15,491,545.03
Net Income	$ 117,466.83	$11,929,700.46	$12,047,167.29

45
-1
(2)

1932

45/2 Balance Sheet

ASSETS	Beginning	Ending
Cash	$ 47,942,867.24	$ 52,864,210.76
Securities	237,941,870.93	261,333,558.22
Loans	552,589,542.96	482,099,544.41
Real Estate	1,804,145.82	5,947,135.02
Bank premises	33,507,462.42	32,946,478.34
Furniture & Fixtures	6,582,345.63	5,979,860.81
Safe deposit vault	2,795,640.83	2,851,484.89
Auto equipment	-	24,636.99
Service "	-	17,376.29
Stationery & Supplies	539,865.06	629,805.00
Redemption Fund	750,000.00	2,275,000.00
Accruals	7,132,611.68	7,689,209.70
Other resources	1,134,420.09	1,183,907.33
Branch clearings	20,213,714.15	8,161,367.56
Total	$912,934,486.81	$864,003,575.32

LIABILITIES		
Capital	$ 50,000,000.00	$ 50,000,000.00
Surplus	50,000,000.00	40,000,000.00
Undivided profits	4,140,311.56	9,740,774.17
Reserve for taxes	576,136.78	168,607.64
" " Bond premiums	398,824.08	782,282.72
" " Trust advances	10,000.00	-
" " Contingencies	165,000.00	4,262,262.29
" " Auto confiscation & conversion	19,564.16	23,157.60
" " Mortality Losses	16,136.50	23,445.33
" " Insurance	336,153.70	907,387.65
" " Registered Mail insurance	-	65,438.16
" " Contributory insurance	-	28,260.42
" " Losses	852,122.64	852,122.64
" " Employees Loans	100,000.00	99,125.00
" " Stillhalting agreement	-	89,770.60
" " Depletion	-	258.50
" " Vacaville Bank	-	84,493.14
Deposits	749,106,136.43	693,300,923.47
Circulation	15,000,000.00	45,500,000.00
Repurchase agreement	20,353,454.84	-
Bills payable	19,000,000.00	11,875,839.49
Accruals	582,385.75	1,006,172.18
Other liabilities	2,278,260.37	5,193,254.32
	$912,934,486.81	$864,003,575.32

SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income from Item 32, page 1 of the return	Loss 1	12 047	167	29
2. Nontaxable income				
(a) Interest on obligations of a State, Territory or any political subdivision thereof, or the District of Columbia		3 410	654	08
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended				
(c) Interest on obligations of the United States or its possessions		5 289	563	10
(d) Dividends deductible under Section 28 (p) of the Revenue Act of 1932		168	271	81
(e) Proceeds of life insurance policies paid upon the death of the insured				
(f) Other items of nontaxable income (to be detailed)				
Recoveries		72	533	52
(1) Bond adjustment		616	362	12
(2) Real Estate adjustment		646	151	64
(3) Depreciation adjustment		455	806	13
3. Charges against reserve for bad debts, if Item 13, page 1 of return, is not an addition to a reserve		1 799	163	45
4. Charges against reserves for contingencies, etc. (to be detailed)				
(a) Reserves		1 892	702	86
(b)				
(c)				
5. Total of Lines 1 to 4, inclusive		2 306	043	42
6. Total from Line 14		2 423	510	25
7. Net profit for year, as shown by books, before any adjustments are made thereon (Line 5 minus Line 6)		117	466	83
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year		54 140	311	56
9. Other credits to surplus (to be detailed)				
(a) Transfers from reserves		5 908	306	71
(b)				
(c)				
10. Total of Lines 7 to 9, inclusive		59 931	151	44
11. Total from Line 17		10 190	377	27
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)		49 740	774	17

13. Unallowable deductions				
(a) Donations, gratuities, and contributions		90	577	81
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in Item 32, page 1 of the return		11	319	80
(c) Federal taxes paid on tax-free covenant bonds				
(d) Special improvement taxes tending to increase the value of the property assessed			233	97
(e) Furniture and fixtures, additions, or betterments treated as expenses on the books				
(f) Replacements and reserves				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 13, page 1 of return				
(j) Additions to reserves for contingencies, etc. (to be detailed)				
(1) Reserves		1 777	389	10
(2)				
(3)				
(k) Other unallowable deductions (to be detailed)				
(1) Write down-Real Estate		514	697	22
(2) Loss - prior year		29	292	35
(3)				
14. Total of Lines 13		2 423	510	25

15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property)

(a) Date paid	Character	
(b) Date paid	Character	
(c) Date paid	Character	
(d) Date paid	Character	

16. Other debits to surplus (to be detailed)				
(a) Transfers to Reserves	10	157	369	04
(b) Goodwill		33	008	23
(c)				
17. Total of Lines 14 and 16	10	190	377	27

NET INCOME OR DEFICIT REPORTED IN RETURN FOR 1931 BEFORE DEDUCTING NET LOSS FOR PRIOR YEAR

1. Enter amount of net income or deficit for 1931 before deducting net loss for 1929–1930 ..... $

2. Enter amount deducted in return for 1931 as net loss for 1929–1930 ..... $

KIND OF BUSINESS

3. State the main business engaged in, also whether acting as principal or as agent or commission; state if inactive or in liquidation:

Check the proper block below to indicate the general industrial division in which the corporation's main income-producing business falls

- [ ] Agriculture and related industries, including fishing, forestry, ice harvesting, etc.; also leasing of such property.
- [ ] Mining and quarrying, including gas and oil wells; also leasing of such property.
- Manufacturing—
  - [ ] Food products, beverages, and tobacco
  - [ ] Textiles and textile products
  - [ ] Leather and leather products
  - [ ] Rubber and related products
  - [ ] Lumber and wood products, including fiber furniture
  - [ ] Paper, pulp and products
  - [ ] Printing, publishing, and allied businesses
  - [ ] Chemicals and allied products, including petroleum products
  - [ ] Stone, clay, and glass products
  - [ ] Metal and metal products, including precious metals and products
  - [ ] Other manufacturing
- [ ] Construction—excavations, buildings, bridges, railroads, ships, etc., also equipping and installing operating systems, devices, or machinery without their manufacture.
- [ ] Transportation—rail, water, aerial, motor, etc.; also leasing of such facilities
- [ ] Public utilities—electric light or power, gas (artificial or natural), pipe lines, telephone, telegraph or radio, waterworks, heating, toll bridges, etc.; also leasing of such utilities
- [ ] Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.; also leasing of such property
- [ ] Trading—wholesale, retail, or commission
- [ ] Service—professional, business, amusement, and domestic, including hotels, restaurants, laundries, etc.
- [x] Finance—banks and other financial organizations, insurance, real estate, also holding and operating

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 41

4. Is this a consolidated return of two or more affiliated corporations? No

If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return. See Section 141 of the Revenue Act of 1932 and Instruction 42.

5. Was the income of this corporation included in a consolidated return for the prior year? Yes

If so, give name of corporation which filed the consolidated return

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? Yes Was the corporation in any sense an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? If answer is "yes," give name and address of each predecessor business and the date of the change in each

Upon such change were any asset values increased or decreased?

If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished

BASIS OF RETURN

7. Is this return made on the basis of actual receipts and disbursements? No

If not, describe fully what other basis or method was used in computing the income Accrual

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock.

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return

Schedule I Profit & Loss
" II Balance Sheet

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SCHEDULE A (See Instructions 2 and 5)

I. COST OF SALES (WHERE INVENTORIES ARE AN INCOME DETERMINING FACTOR)

Items	Amount (Enter on Item 2 (c), page 1)
Salaries and wages	$
Other costs	

II. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)

Items	Amount (Enter on Item 6, page 1)
Salaries and wages	$
Other costs	

SCHEDULE B PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 10)

1. Kind of Property	2. Date Acquired	3. Date Sold	4. Cost	5. March 1, 1913, Value if Acquired Prior to That Date	6. Cost or Inventory Basis if Acquired on March 1, 1913	7. Depreciation Allowed (or Allowable) Since Acquisition on March 1, 1913	8. Net Profit or Loss (Enter on Item 10)
		$	$	$	$	$	$

State how property was acquired

SCHEDULE C COMPENSATION OF OFFICERS (See Instruction 14)

Name of Officer	Official Title	% Time Devoted to Business	Shares of Stock Owned		% Amount of Compensation (Enter on Item 14)
			% Common	% Preferred	$

SCHEDULE D COST OF REPAIRS (See Instruction 16)

Items	Amount (Enter on Item 16)
Salaries and wages	$
Other costs	

SCHEDULE E TAXES PAID (See Instruction 18)

Items	Amount (Enter on Item 18)
	$

SCHEDULE F EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 19)

Kind of Property	Date Acquired	Cost or Value if Acquired Prior to March 1, 1913	Insurance Recovered	Depreciation Allowed Since Acquisition	Insurance and Salvage Value	Deductible Loss (Enter on Item 19)
		$	$	$	$	$

State how property was acquired

SCHEDULE G BAD DEBTS (See Instruction 20)

Year	Balance Outstanding	Bad Debts
1928	$	$
1929		
1930		
1931		
1932		

SCHEDULE H DIVIDENDS DEDUCTIBLE (See Instruction 21)

Name of Corporation	Amount of Dividends: Domestic	Amount of Dividends: Foreign
	$	$

SCHEDULE I EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 22)

Kind of Property	Date Acquired	Life Allowed Prior	Life Allowed After Acquisition	Cost	March 1, 1913, Value if Acquired Prior to That Date	Depreciation Allowed (or Allowable) in Prior Years	Depreciation Allowed This Year
				$	$	$	$

AFFIDAVIT

We, the undersigned, president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1932 and the Regulations issued thereunder.

Sworn to and subscribed before me this 1st day of June, 1933.

(Signature of officer authorized to administer oaths) (Title)

NOTARIAL SEAL

CORPORATE SEAL

(President)

(Treasurer)

See Instruction 23. Attach a separate sheet if any of the above schedules do not provide sufficient space.

NOTARY PUBLIC

My Commission Expires April 11, 1934

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TREASURY DEPARTMENT

Internal Revenue Service
San Francisco, Calif.

March 12, 1934.

(Consolidated Return)

Transamerica Corporation,
460 Montgomery St.,
San Francisco, Calif.

Sir or Madam:-

Receipt is acknowledged of your letter of recent date requesting for the reasons therein given, extension of time within which to file your return of income for the calendar year 1933.

PROVIDED A TENTATIVE RETURN IS FILED WITH THE COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT ON OR BEFORE MARCH 15, 1934 AND PAYMENT MADE AT THAT TIME OF AT LEAST ONE-FOURTH OF THE TOTAL ESTIMATED TAX SHOWN THEREON TO BE DUE, you are hereby granted an extension of time to May 15, 1934.

Any deficiency in the first installment of tax will bear interest at the rate of one-half of one per cent a month from the original due date.

By a "tentative return" is meant a return on the appropriate income tax form, showing only the name and address of the taxpayer and the estimated amount, if any, of the tax due. The items and schedules shown on the form need not be filled in.

This letter, or a copy thereof, must be attached to the tentative and completed returns as authority for the extension of time herein granted. The completed return when filed should be plainly marked "completed return".

Respectfully,

GUY T. HELVERING, Commissioner,

BY JOHN V. LEWIS
Collector.

GD

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN

For Calendar Year 1933

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1934

CLOSED

Tax 6-15-35

Sec. 1 3-17-36

PRINT PLAINLY CORPORATION'S NAME AND ADDRESS

TRANS-AMERICA CORPORATION (Name)

San Francisco, Calif. (Street and number) (Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled in Irrespective of Any Statements, Schedules or Reports Submitted Herewith

Date of Incorporation 1928

Under the Laws of What State or Country Delaware

Read 7/1/35

1-Calif.

RECEIVED MAY 31 1934 COLLECTOR OF INT. REV. FIRST DIST. CALIF.

Cash

Check

Post Payment

The Corporation's Books are in Care of

Located at

Kind of Business

Is This a Consolidated Return? Yes

If so, of How Many Corporations? 32

If a Foreign Corporation, State Whether Resident or Nonresident

If Nonresident, State Amount of Income Subject to Deduction in Gross Income, $

Date and Initials

GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), $; Less Returns and Allowances, $; Net Sales, $

2. Less Cost of Goods Sold

	Consolidated Total Items	Value of Capital Stocks
1. Trans-America Corporation	$ 6[illegible],9[illegible].[illegible]	$ 5,000,000.00
2. American Trading Corp.	[illegible]	25,000.00
3. American Trading, Inc.	8,1[illegible]	[illegible],000.00
4. Bank of America Company	6[illegible],[illegible].78	1,000,000.00 →
5. Bank of America (a)	1,129,9[illegible].58	1,[illegible],000.00 →
6. Bank of America N.T.&S.A.	10,8[illegible],4[illegible].79	10,[illegible],000.00 →
7. Bank of America Capital Co.	18,9[illegible].64	500,000.00 →
8. California Loan, Inc.	9[illegible],[illegible].43	[illegible],000,000.00 →
9. California Joint Stock Land Bank	26,954.44	Exempt →
10. Capital Company	824,4[illegible].44	[illegible],000,000.00 →
11. Clearwater National Bank	10,6[illegible].41	[illegible].00
12. Wilcox Capital National Bank	19,765.47	150,000.00
13. [illegible] National Bank Credit Corp.	8,1[illegible].18	[illegible]
14. Inter-Continental Corp.	3,775,4[illegible].01	[illegible],000,000.00
15. Merchants National Bank Corp.	[illegible]7,1[illegible].18	[illegible],000,000.00
16. Trans-American Service Corp.	1,9[illegible].54	[illegible],000.00
17. National Bank	854.01	Exempt
18. Occidental Investment Co.	none	Exempt
19. Occidental Corporation	none	Exempt
20. John D. Shea Co.	none	Exempt
21. Trans-America Service Co.	[illegible],[illegible].76	[illegible],000,000.00
22. Trans-America Corporation Co.	700,676.60	1,000,000.00
23. Coast Service Co.	[illegible],[illegible].76	200,000.00
24. First National Corp. of [illegible]	[illegible]	[illegible]
25. Coast Company	1,7[illegible].10	[illegible]
26. [illegible]	7[illegible],816.4[illegible]	[illegible],000,000.00
27. [illegible] Co.	8,[illegible].50	Exempt
28. Bank of East Portland	64,546.[illegible]	Exempt
29. Due	—	
30. South East Portland Bank	[illegible]	Exempt
31. Blue Stock State Bank	3,475.54	Exempt
32. Associated American Dist.	[illegible],517.50	[illegible],000,000.00
33. Creston Bank	[illegible],[illegible].69	70,000.00
Total	$ 19,577,679.54	$ [illegible],000,000.00

RECEIVED MAY [illegible] COLLECTOR OF INT. REV. FIRST DIST. CALIF.

Separate Returns for each of the above corporations are attached and made part of this return.

34. Total Deductions in Items 14 to 34

35. Net Income (Item 13 minus Item 35)

COMPUTATION OF TAX

Income Tax		Excess-Profits Tax	
[illegible]	none	[illegible]	
[illegible]		[illegible]	
[illegible]		[illegible]	
[illegible]		[illegible]	

1933

TREASURY DEPARTMENT

Internal Revenue Service
San Francisco, Calif.

May 11,1934.

1a. 2

9-12

Transamerica Corporation,
460 Montgomery St.,
San Francisco,Calif.

Receipt is acknowledged of your request for a further extension of time within which to file a complete return of income for the calendar year 1933.

The records of this office indicate that a previous extension of time has been granted, which expires May 15,1934.

A further extension of time to June 1,1934** is hereby granted within which to file the completed return and pay the installments of tax shown thereon to be due.

In all cases where an extension of time is granted, interest is collectible at the rate of one-half of one per cent a month from the due date of each installment up to and including the date of payment.

This letter, or a copy thereof, must be attached to the completed return when filed as authority for the extension of time herein granted.

Respectfully,

GUY T. HELVERING, Commissioner,

By JOHN V. LEWIS
Collector.

GD

** No further time will be granted beyond the above date.

1. Cost of sales (where inventories are an income-determining factor)		2. Cost of operations (where inventories are not an
Items	Amount (Enter as Item 8 (d))	Items
Salaries and wages	$	Salaries and wages
Other costs		Other costs

SCHEDULE B—PROFIT FROM SALE OF STOCKS, BONDS, REAL ESTATE, ETC. (See Instruction 10)

1. Kind of Property	2. Date Acquired	3. Date Sold	4. Amount Received	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements After Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913	
	Mo. Day Year	Mo. Day Year						
(a) Stocks and bonds * held 2 years or less:			$	$	x x x x x x	x x x x x x	x x x x x x	$
					x x x x x x	x x x x x x	x x x x x x	
					x x x x x x	x x x x x x	x x x x x x	
Total (a) transfer net profit to Item 10(a)	x x x x x	x x x x x	$	$	x x x x x x	x x x x x x	x x x x x x	$
(b) All other assets:			$	$	$	$	$	$
Total (b) transfer net profit or loss to Item 10(b)	x x x x x	x x x x x	$	$	$	$	$	$

* As defined in Section 23(t), 1932 Act.

State how property was acquired .....

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 14)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	4. Preferred	5. Amount of Compensation (Enter as Item 14)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 18)

1. Items	2. Amount (Enter as Item 18)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 19)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 19)
		$	$	$	$	$

State how property was acquired .....

SCHEDULE G—BAD DEBTS (See Instruction 20)

1. Year	2. Sales on Account	3. Bad Debts
1929	$	$
1930		
1931		
1932		
1933		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 21)

1. Name of Corporation	Amount of Dividends 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 22)

1. Kind of Property	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost	6. March 1, 1913, Value if Acquired Prior to That Date	7. Depreciation Allowed (or Allowable) in Prior Years	8. Depreciation Allowable This Year
				$	$	$	$

AFFIDAVIT

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the National Industrial Recovery Act and the Regulations issued thereunder.

Sworn to and subscribed before me this 18 day of May, 1934.

Notary Public in and for the City and County of San Francisco, State of California

(Seal)

(Signature of officer administering oath)

(Signature of officer)

(Signature of officer)

See Instruction 52. Attach a separate sheet if any of the above schedules do not provide sufficient space.

Form 1120
TREASURY DEPARTMENT
Internal Revenue Service
(Auditor's Stamp)

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN
For Calendar Year 1933

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1934

File No. 41 Cal
Serial Number 1176
District
(Collector's Stamp)
COLLECTOR OF INTERNAL REVENUE
MAY 31 1934
Collector of Int. Rev.

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION
(Name)

No. 1 Powell Street,
(Street and number)

San Francisco, California.
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled in Irrespective of Any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation 1927

Under the Laws of What State or Country U.S.A.

$

The Corporation's Books are in Care of ..... Located at .....

Kind of Business Banking Is This a Consolidated Return? ..... If so, of How Many Corporations? .....

If a Foreign Corporation, State Whether Resident or Nonresident ..... ; If Nonresident, State Amount of Income Excluded Under Section 231 From Gross Income, $.....

ATTACH REMITTANCE HERE

Item and Instruction No.

GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), $..... Less Returns and Allowances, $..... ; Net Sales ..... $
2. Less Cost of Goods Sold:
   (a) Inventory at beginning of year ..... $
   (b) Material or merchandise bought for manufacture or sale .....
   (c) Miscellaneous costs (From Schedule A, Column 1)
   (1) Salaries and wages, $..... ; (2) Other costs, $..... ; Total .....
   (d) Total of lines (a), (b), and (c) ..... $
   (e) Less inventory at end of year .....
3. Gross Profit from Sales (Item 1 minus Item 2) ..... $
4. Gross Receipts (where inventories are not an income-determining factor) ..... $
5. Less cost of operations (From Schedule A, Column 2)
   (a) Salaries and wages, $..... ; (b) Other costs, $..... ; Total .....
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5) .....
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc. .....
8. Rents .....
9. Royalties .....
10. (a) Profit from Sales of Stocks and Bonds held 2 years or less. (From Schedule D, Total (a)) .....
    (b) Profit or Loss from Sales of all other Assets (From Schedule D, Total (b)) .....
11. Dividends on Stock of
    (a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1932 .....
    (b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1932 .....
    (c) Foreign Corporations .....
12. Other Income (State nature of income) (Use separate schedule, if necessary) Schedule 1
13. TOTAL INCOME IN ITEMS 3, AND 6 TO 12, INCLUSIVE ..... $ 38 438 506 14

WAIT FOR REFUND
SEE REC. C.T.A. 22.1.8.4
Symbols
Date 1/6/34

DEDUCTIONS

14. Compensation of Officers (From Schedule C) ..... $
15. Rent on Business Property .....
16. Repairs (From Schedule D) (a) Salaries and Wages, $ ..... (b) Other Costs, $ ..... ; Total .....
17. Interest .....
18. Taxes (From Schedule E) .....
19. Losses by Fire, Storm, etc. (From Schedule F) .....
20. Bad Debts (From Schedule G) .....
21. Dividends (From Schedule H) .....
22. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I) .....
23. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 23) .....
24. Other Deductions Authorized by Law (Explain below, or on separate sheet):
    (a) Salaries and wages (Not included in Items 8, 9, 14, or 18 above) .....
    (b) .....
25. TOTAL DEDUCTIONS IN ITEMS 14 TO 24 ..... Schedule 1 ..... $ 49 265 942 93
26. NET ~~INCOME~~ LOSS (Item 13 minus Item 25) ..... $ 10 827 436 79

COMPUTATION OF TAX

Income Tax

27. Net income (Item 26 above) ..... $
28. Income Tax (13¾% of Item 27) (or 16½% of Item 27, if this is a consolidated return) ..... $
29. Less Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation) ..... $
30. Income Tax Paid to a Foreign Country or U.S. Possession by a Domestic Corporation .....
31. Balance of Income Tax (Item 28 minus Items 29 and 30) ..... $

Excess-Profits Tax

32. Net Income for Excess-profits Tax Computation (Item 26, above) $
33. Less. 12½% of $2,500,000 value of capital stock as declared in your capital-stock tax return for year ended June 30, 1933 (or combined value of capital stock as separately declared for year ended June 30, 1933, by those members of the affiliated group entitled to capital-stock tax, if this is a consolidated return) .....
34. Amount Subject to Excess-profits Tax (Item 32 minus Item 33) $
35. Excess-profits Tax (5% of Item 34) $

As amended return must be marked "Amended" at top of return. Checks and drafts will be accepted only if payable at par.

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L-13

Schedule 1

1933

6-13

1933

Profit and Loss

	Books	Schedule L	Taxable
Income:			
Interest-State, County & Municipal	$ 3,619,380.46	$ 3,619,380.46	
Interest United States	5,842,342.46	5,842,342.46	
Interest Loans & other securities	37,272,715.68		
Dividends	177,089.17	177,089.17	
Rents	1,813,433.02		
Profit & Loss-sale Bonds	932,842.52	854,767.95	
Profit & Loss sale autos	36.50		
Profit & Loss London Branch	35,912.04		
Service fees	1,219,800.62		
Exchange	367,762.68		
Trust Department Earnings	884,271.69		
Other Earnings	196,163.85		
Recoveries	509,924.68	242,626.95	
Income-other Real Estate	528,881.34		
Overs	28,177.23		
Transfers from Reserves	5,628,592.53	5,628,592.53	
Additional Depreciations		634,734.36	
Restorations		2,324.19	
Bad debts charged Reserves		462,886.54	
Losses charged Reserves		45,392.64	
Capital stock tax accrued		12,500.00	
Taxes charged Reserve		1,705,183.26	
Employees' Pension Fund		45,736.29	
Federal Deposit Insurance		805,802.24	
Real Estate adjustments		539,529.29	
	$ 59,057,394.47	$ 20,618,888.33	$ 38,438,506.14
Deductions:			
Interest paid	$ 27,282,951.25		
Losses	5,578,801.15	$ 373,221.57	
Depreciation	989,305.76		
Expenses	16,699,245.89	1,639,483.88	
Amortization	375,410.36	375,410.36	
Profit & loss-sale Real Estate	257,806.23		
Expense-other Real Estate	470,538.10		
Transfer to Reserves	452,496.23	452,496.23	
TOTAL	$ 50,106,503.97	$ 2,840,621.04	$ 49,265,942.95
Net Income	$ 8,950,890.50	$ 17,778,267.29	$ 10,827,436.79

BANK OF AMERICA N.T.& S.A.

Balance Sheets

6-2

	Beginning	Ending
Assets:		
Cash	$ 52,864,210.76	$ 80,709,570.42
Securities	261,333,556.22	310,456,010.05
Loans	482,099,544.41	487,021,524.75
Real Estate	5,947,135.02	7,517,418.92
Bank Premises	32,946,478.34	28,493,534.87
Furniture & Fixtures	5,979,860.81	5,404,150.61
Safe Deposit Vaults	2,851,484.89	2,766,803.46
Auto Equipment	24,676.99	13,848.95
Service Equipment	17,376.29	10,947.19
Stationery & Supplies	629,805.00	559,157.29
Redemption Fund	2,275,000.00	2,275,000.00
Accruals	7,689,209.70	9,194,862.64
Other Resources	1,183,907.33	2,221,507.52
Branch Clearings	8,161,367.56	8,330,402.89
Federal Deposit Insurance	-	805,802.24
	$ 864,003,575.32	$ 945,780,541.80
Liabilities:		
Capital	$ 50,000,000.00	50,000,000.00
Surplus	40,000,000.00	35,000,000.00
Undivided Profits	9,740,774.17	14,441,604.67
Reserve-Employees Loans	99,125.00	83,395.43
Losses	852,120.64	520,319.98
Mortality	23,445.33	26,401.65
Auto	23,157.60	6,384.18
Registered Mail	65,438.16	-
Taxes	168,607.64	254,935.38
Lot Cancellations	-	8,420.00
Self Insurance	907,387.65	1,081,116.78
Contingencies Spec.	4,262,282.29	26,432.48
Stillhelting Agreement	89,770.60	113,132.48
Vacaville	84,403.14	87,412.94
Contributing Life Ins.	28,260.42	4,589.78
Redonlo Beach	-	35,871.84
Commercial Loans	-	2,500,000.00
Real Estate Loans	-	922,701.63
Depletion	258.50	258.50
Extinction Bond Premiums	782,282.72	1,066,631.37
Dividend #68	-	750,000.00
Deposits	603,300,923.47	782,381,882.40
Circulation	45,500,000.00	45,500,000.00
Bills payable	11,875,839.49	-
Accruals	1,096,172.18	841,506.61
Other Liabilities	5,193,254.32	30,127,543.90
TOTAL	864,003,575.32	945,780,541.80

1. Net loss ... from line 30, page 1 of the return	10	827	436	79
2. Nontaxable income:				
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia	3	619	380	46
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended				
(c) Interest on obligations of the United States or its possessions	5	842	342	46
(d) Dividends deductible under Section 26 (p) of the Revenue Act of 1932		177	089	17
(e) Proceeds of life insurance policies paid upon the death of the insured: Deposit Insurance		805	802	24
(f) Other items of nontaxable income (to be detailed):				
(1) Adjustments (Bonds		854	767	95
(2) " (Real Estate		539	529	29
(3) " Depreciation		637	058	55
(4) Recoveries		242	626	95
3. Charges against reserve for bad debts, if item 10, page 1 of return, is not an addition to a reserve		462	886	54
4. Charges against reserves for contingencies, etc. (to be detailed): Employees' Pension Fund		45	736	29
(a) Reserves - transfers	5	628	592	53
(b) Taxes charged Reserves	1	717	683	26
(c) Losses " "		45	392	64
5. Total of Lines 1 to 4, inclusive	9	791	451	54
6. Total from Line 14	2	840	621	04
7. Net profit for year, as shown by books, before any adjustments are made thereto (Line 5 minus Line 6)	6	950	830	50
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	49	740	774	17
9. Other credits to surplus (to be detailed):				
(a)				
(b)				
(c)				
10. Total of Lines 7 to 9, inclusive	56	691	604	67
11. Total from Line 17	7	250	000	00
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	49	441	604	67

13. Unallowable deductions:				
(a) Donations, gratuities, and contributions		68	293	92
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in Item 2a, page 1 of the return			861	00
(c) Federal taxes paid on tax-free covenant bonds				
(d) Special improvement taxes tending to increase the value of the property assessed				
(e) Furniture and fixtures, additions, or betterments treated as expense on the books				
(f) Replacements and renewals				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 3b, page 1 of return				
(j) Additions to reserve for contingencies, etc. (to be detailed):				
(1) Reserves - transfers		452	496	23
(2) Taxes - Reserved	1	555	010	98
(3) Losses Recovered from Redondo		24	729	63
(k) Other unallowable deductions (to be detailed): Reserve				
(1) Write downs (Bonds		324	459	28
(2) " (Real Estate		24	055	66
(3) Amortization Bonds		375	419	36
(4) Adjustment (Depreciation 8761.83 (Taxes 6856.02		15	317	98
14. Total of Line 13	2	840	621	04
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):				
(a) Date paid ____ Character Cash	2	250	000	00
(b) Date paid ____ Character				
(c) Date paid ____ Character				
(d) Date paid ____ Character				
16. Other debits to surplus (to be detailed):				
(a) Transfer to Reserves	5	000	000	00
(b)				
(c)				
17. Total of Lines 15 and 16	7	250	000	00

NET INCOME OR DEFICIT REPORTED IN RETURN FOR 1932 BEFORE DEDUCTING NET LOSS FOR PRIOR YEAR

1. Enter amount of net income or deficit for 1932 before deducting net loss for 1931 ____ $ ____

2. Enter amount deducted in return for 1932 as net loss for 1931 ____ $ ____

KIND OF BUSINESS

3. State the main business engaged in, also whether acting as principal or as agent on commission; state if inactive or in liquidation:

Banking

Check the proper block below to indicate the general industrial division in which the corporation's main income-producing business falls:

- [ ] Agriculture and related industries, including fishing, forestry, ice harvesting, etc.; also leasing of such property.
- [ ] Mining and quarrying, including gas and oil wells; also leasing of such property.
- Manufacturing—
  - [ ] Food products and beverages.
  - [ ] Tobacco.
  - [ ] Textiles and textile products.
  - [ ] Leather and leather products.
  - [ ] Rubber and related products.
  - [ ] Lumber and wood products, including fiber furniture.
  - [ ] Paper, pulp and products.
  - [ ] Printing, publishing, and allied businesses.
  - [ ] Chemicals and allied products, including petroleum products.
  - [ ] Stone, clay, and glass products.
  - [ ] Metal and metal products, including precious metals and products.
  - [ ] Other manufacturing.
- [ ] Construction—conventions, buildings, bridges, railroads, ships, etc.; also equipping and installing operating systems, devices, or machinery without their manufacture.
- [ ] Transportation—rail, water, aerial, motor, etc.; also leasing of such facilities.
- [ ] Public utilities—electric light or power, gas (artificial or natural), pipe lines, telephone, telegraph or radio, waterworks, heating, toll bridges, etc.; also leasing of such utilities.
- [ ] Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.; also leasing of such property.
- [ ] Trading—wholesale, retail, or commission.
- [ ] Service—professional, business, amusement, and domestic, including hotels, restaurants, laundries, etc.
- [X] Finance—banks and other financial organizations, insurance, real estate; also brokers and agents.

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 40

4. Is this a consolidated return? No If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return. See Section 141 of the Revenue Act of 1932 and Instruction 41.

5. Was the income of this corporation included in a consolidated return for the prior year? Yes

If so, give name of corporation which filed the consolidated return. ____

Transamerica Corporation

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? Yes Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? ____ If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. ____

Upon such change were any asset values increased or decreased? ____

If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of cash receipts and disbursements? No

If not, describe fully what other basis or method was used in computing net income. Accrual

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. ____

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Schedule 1 - Profit & Loss

" 2 - Balance Sheets

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SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR) Items	Amount (Enter as Item 3 (c))	2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR) Items	Amount (Enter as Item 8)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—PROFIT FROM SALE OF STOCKS, BONDS, REAL ESTATE, ETC. (See Instruction 10)

1. Kind of Property	2. Date Acquired (Mo. Day Year)	3. Date Sold (Mo. Day Year)	4. Amount Received	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements After Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913	9. Net Profit or Loss
(a) Stocks and bonds * held 2 years or less			$	$				$
Total (a) transfer net profit to Item 10(a)			$	$				$
(b) All other assets			$	$	$	$	$	$
Total (b) transfer net profit or loss to Item 10(b)			$	$	$	$	$	$

* As defined in Section 23(t), 1932 Act

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 14)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 14)
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 18)

1. Items	2. Amount (Enter as Item 18)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 19)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 19)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 20)

1. Year	2. Balance Account	3. Bad Debts
1929	$	$
1930		
1931		
1932		
1933		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 21)

1. Name of Corporation	Amount of Dividends 2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 22)

1. Kind of Property	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost	6. March 1, 1913, Value if Acquired Prior to That Date	7. Depreciation Allowed (or Allowable) in Prior Years	8. Depreciation Allowable This Year
				$	$	$	$

AFFIDAVIT

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the National Industrial Recovery Act and the Regulations issued thereunder.

Sworn to and subscribed before me this 18 day of May, 1934.

NOTARIAL SEAL

(Signature of officer administering oath) Public in and for the City and County of San Francisco, State of California

CORPORATE SEAL

(President or other principal officer) (Title)

(Treasurer or Assistant Treasurer) (Title)

See Instruction 52. Attach a separate sheet if any of the schedules do not provide sufficient space.

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AMENDED CONSOLIDATED RETURN

Form 1120
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
(Auditor's Stamp)

CORPORATION INCOME TAX RETURN
For Calendar Year 1932

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1933

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

Transamerica Corporation
(Name)
and Affiliates
(Street and number)
San Francisco, California
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled Out Irrespective of any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation 1928

Under the Laws of what State or Country Delaware

Page 1 of Return

File Code

Serial Number

District

(Cashier's Stamp)

Cash | Check | M. O. | Cert. of Ind.

First Payment

$

The Corporation's Books are in Care of ..... Located at .....

Kind of Business ..... Is This a Consolidated Return of Two or More Corporations? Yes If so, How Many? 39

ATTACH REMITTANCE HERE

Item and Instruction No.

GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), $..... Less Returns and Allowances, $.....; Net Sales $
2. Less Cost of Goods Sold:
   - (a) Inventory at beginning of year $
   - (b) Material or merchandise bought for manufacture or sale
   - (c) Miscellaneous costs (From Schedule A, Column 1) (1) Salaries and wages, $..... (2) Other costs, $.....; Total
   - (d) Total of lines (a), (b), and (c) $
   - (e) Less inventory at end of year
3. Gross Profit from Sales (Item 1 minus Item 2) $
4. Gross Receipts (where inventories are not an income-determining factor) $
5. Less cost of operations (From Schedule A, Column 2): (a) Salaries and wages, $..... (b) Other costs, $.....; Total
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5)
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc.
8. Rents
9. Royalties
10. Profit from Sale of Real Estate, Stocks, Bonds, and other Capital Assets (From Schedule B)
11. Dividends on:
    - (a) Stock of Domestic Corporations subject to taxation under Title I of Revenue Act of 1932
    - (b) Stock of Domestic Corporations not subject to taxation under Title I of Revenue Act of 1932
    - (c) Stock of Foreign Corporations
12. Other Income (State nature of income):
    - (a)
    - (b)
13. TOTAL INCOME IN ITEMS 3, AND 6 TO 12, INCLUSIVE $

DEDUCTIONS

14. Compensation of Officers (From Schedule C) $
15. Rent on Business Property
16. Repairs (From Schedule D); Salaries and Wages, $; Other Costs, $; Total
17. Interest
18. Taxes (From Schedule E)
19. Losses (From Schedule F)
20. Bad Debts (From Schedule G)
21. Dividends (From Schedule H)
22. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)
23. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 23)
24. Other Deductions Not Reported Above (Explain below, or on separate sheet)
    - (a) Salaries and wages. (Not included in Item 3, 5, 14, or 16 above)
    - (b)
    - (c)
    - (d)
25. TOTAL DEDUCTIONS IN ITEMS 14 TO 24 $
26. NET INCOME (Item 13 minus Item 25) $
27. Less: NET LOSS FOR 1931 (Submit schedule)
28. NET INCOME FOR TAX COMPUTATION (Item 26 minus Item 27) Consolidated Loss $ 28 760 336 40

COMPUTATION OF TAX

29. Net Income (Item 28 above) $ None
30. Income Tax (13¾% of Item 29) (or 14¾% of Item 29, if this is a consolidated return) $
31. Less: Income Tax Paid at Source. (This credit can only be allowed to a nonresident foreign corporation) $
32. Income Tax Paid to a Foreign Country or United States possession by a domestic corporation (See Instruction 30)
33. Balance of Tax (Item 30 minus Items 31 and 32) $ None

An amended return must be marked "Amended" at top of return. Checks and drafts will be accepted only if payable at par.

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SCHEDULE K—BALANCE SHEETS (See Instruction 46)

Items	Beginning of Taxable Year: Amount	Beginning of Taxable Year: Total	End of Taxable Year: Amount	End of Taxable Year: Total
ASSETS				
1. Cash		$		$
2. Notes receivable				
3. Accounts receivable	$		$	
Less reserve for bad debts				
4. Inventories:				
Raw materials	$		$	
Work in process				
Finished goods				
Supplies				
5. Investments (nontaxable):				
Obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia	$		$	
Securities issued under the Federal Farm Loan Act, or under such Act as amended				
Obligations of the United States or its possessions				
6. Other investments:				
Stocks of domestic corporations	$		$	
Bonds of domestic corporations				
Stocks and bonds of foreign corporations				
All other investments or loans				
7. Deferred charges:				
Prepaid insurance	$		$	
Prepaid taxes				
All other				
8. Capital assets:				
Land	$			
Buildings			$	
Machinery and equipment				
Furniture and fixtures				
Delivery equipment				
Less reserves for depreciation (except on land)	$		$	
9. Patents				
10. Good will				
11. Other assets (describe fully):				
	$		$	
12. Total Assets		$		$
LIABILITIES				
13. Notes payable (less than one year)		$		$
14. Accounts payable				
15. Bonds and notes (not secured by mortgage)				
16. Mortgages (including bonds and notes so secured)				
17. Accrued expenses:				
Interest	$		$	
Taxes				
All other				
18. Other liabilities (describe fully):				
	$		$	
19. Capital stock:				
Preferred stock (less stock in treasury)	$		$	
Common stock (less stock in treasury)				
20. Surplus	$		$	
21. Undivided profits				
22. Total Liabilities		$		$

Remarks

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income from Item 30, page 1 of the return	$
2. Nontaxable income:	
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia	
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended	
(c) Interest on obligations of the United States or its possessions	
(d) Dividends deductible under Section 26 (p) of the Revenue Act of 1932	
(e) Proceeds of life insurance policies paid upon the death of the insured	
(f) Other items of nontaxable income (to be detailed):	
(1)	
(2)	
(3)	
3. Charges against reserve for bad debts, if Item 20, page 1 of return, is not an addition to a reserve	
4. Charges against reserves for contingencies, etc. (to be detailed):	
(a)	
(b)	
(c)	
5. Total of Lines 1 to 4, inclusive	$
6. Total from Line 14	
7. Net profit for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6)	$
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	
9. Other credits to surplus (to be detailed):	
(a)	
(b)	
(c)	
10. Total of Lines 7 to 9, inclusive	$
11. Total from Line 17	
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	$

13. Unallowable deductions:	
(a) Donations, gratuities, and contributions	$
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in Item 23, page 1 of the return	
(c) Federal taxes paid on tax-free covenant bonds	
(d) Special improvement taxes tending to increase the value of the property assessed	
(e) Furniture and fixtures, additions, or betterments treated as expenses on the books	
(f) Replacements and reserves	
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary	
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation	
(i) Additions to reserve for bad debts which are not included in Item 23, page 1 of return	
(j) Additions to reserves for contingencies, etc. (to be detailed):	
(1)	
(2)	
(3)	
(k) Other unallowable deductions (to be detailed):	
(1)	
(2)	
(3)	
14. Total of Line 13	$
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):	
(a) Date paid ..... Character	$
(b) Date paid ..... Character	
(c) Date paid ..... Character	
(d) Date paid ..... Character	
16. Other debits to surplus (to be detailed):	
(a)	
(b)	
(c)	
17. Total of Lines 15 and 16	$

NET INCOME OR DEFICIT REPORTED IN RETURN FOR 1931 BEFORE DEDUCTING NET LOSS FOR PRIOR YEAR

1. Enter amount of net income or deficit for 1931 before deducting net loss for 1929–1930 ..... $ _____

2. Enter amount deducted in return for 1931 as net loss for 1929–1930 ..... $ _____

KIND OF BUSINESS

State the main business engaged in, also whether acting as principal or as agent on commission; state if inactive or in liquidation:

_____

Check the proper block below to indicate the general industrial division in which the corporation's main income-producing business falls:

- ☐ Agriculture and related industries, including fishing, forestry, ice harvesting, etc.; also leasing of such property.
- ☐ Mining and quarrying, including gas and oil wells; also leasing of such property.
- Manufacturing—
  - ☐ Food products, beverages, and tobacco.
  - ☐ Textiles and textile products.
  - ☐ Leather and leather products.
  - ☐ Rubber and related products.
  - ☐ Lumber and wood products, including fiber furniture.
  - ☐ Paper, pulp and products.
  - ☐ Printing, publishing, and allied businesses.
  - ☐ Chemicals and allied products, including petroleum products.
  - ☐ Stone, clay, and glass products.
  - ☐ Metal and metal products, including precious metals and products.
  - ☐ Other manufacturing.
- ☐ Construction—excavations, buildings, bridges, railroads, ships, etc.; also equipping and installing operating systems, devices, or machinery without their manufacture.
- ☐ Transportation—rail, water, aerial, motor, etc.; also leasing of such facilities.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telephone, telegraph or radio, waterworks, heating, toll bridges, etc.; also leasing of such utilities.
- ☐ Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.; also leasing of such property.
- ☐ Trading—wholesale, retail, or commission.
- ☐ Service—professional, business, amusement, and domestic, including hotels, restaurants, laundries, etc.
- ☐ Finance—banks and other financial organizations, insurance, real estate; also brokers and agents.

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 41

4. Is this a consolidated return of two or more corporations? _____ If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return. See Section 141 of the Revenue Act of 1932 and Instruction 42.

5. Was the income of this corporation included in a consolidated return for the prior year? _____

If so, give name of corporation which filed the consolidated return. _____

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? _____ Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? _____ If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. _____

Upon such change were any asset values increased or decreased? _____ If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of actual receipts and disbursements? _____ If not, describe fully what other basis or method was used in computing net income. _____

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. _____

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

_____

SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 2 (c), page 1)	Items	Amount (Enter as Item 5, page 1)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 10)

1. Kind of Property	2. Amount Realized	3. Date Acquired	4. Cost	5. March 1, 1913, Value if Acquired Prior to That Date	6. Cost of Improvements Subsequent to Acquisition or March 1, 1913	7. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913	8. Net Profit or Loss (Enter as Item 10)
$			$	$	$	$	$

State how property was acquired

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 14)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned		6. Amount of Compensation (Enter as Item 16)
			4. Common	5. Preferred	
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 18)

1. Items	2. Amount (Enter as Item 18)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 19)

1. Kind of Property	2. Date Acquired	3. Fair Market Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 19)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 20)

1. Year	2. Sales on Account	3. Bad Debts
1928	$	$
1929		
1930		
1931		
1932		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 21)

1. Name of Corporation	Amount of Dividends	
	4. Domestic	5. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 22)

1. Kind of Property	2. Date Acquired	3. Life When Acquired	4. Probable Life After Acquisition	5. Cost	6. March 1, 1913, Value if Acquired Prior to That Date	7. Depreciation Allowed (or Allowable) in Prior Years	8. Depreciation Allowable This Year
				$	$	$	$

AFFIDAVIT

The undersigned president and treasurer of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that he is informed and believes that the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and correct return made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1932 and the Regulations issued thereunder.

Subscribed and sworn to before me this 10th day of April, 1933

VICE PRESIDENT, President

TREASURER, Treasurer.

Seal

Signature of Clerk administering oath — Title

CORPORATE SEAL

See Instruction 22. Attach a separate sheet if any of the above schedules do not provide sufficient space.

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TRANSAMERICA CORPORATION - AMENDED CONSOLIDATED RETURN 1935

STATEMENT

This amended return is being filed to correct the depreciation deduction claimed on Furniture and Fixtures, Bank Premises and other assets owned by Bank of America N. T. & S. A. in determining the net income or loss of said Bank included in this consolidated return.

The depreciation deducted for said Bank was erroneous and not in accordance with its books and records. In 1932 the Bank adjusted its depreciation schedules to reflect the results of a survey of its depreciable assets made to determine an accurate basis for depreciation. Although the adjustment was given effect on its books the old depreciation schedules were used as a basis for computing the depreciation deducted in the original tax return for this year pending a review by the Commissioner of Internal Revenue and a mutually satisfactory revision of the depreciation for income tax purposes. This revision was made and mutually satisfactory schedules were prepared by the Bank and the office of the Internal Revenue Agent in Charge at San Francisco but these schedules were rejected by the Commissioner of Internal Revenue presumably on the grounds that the Bank had claimed greater depreciation in the years 1932, 1933, 1934 and 1935. This amended return is being filed to change and correct the depreciation deduction taken on the original return and to bring the original return into accord with the books and records of the Bank.

TRANSAMERICA CORPORATION
And Affiliates
San Francisco, California

1932
Consolidated Net Income

	Original Return	Amended Return
Transamerica Corporation	1,243,142.28	No Change
America Investment Co.	None	"
America and Security Ins. Corp.	761.81	"
American Brokerage Inc.	710.84	"
Bankamerica Company	42,219.18	"
Bank of America	197,183.03	"
Bank of America N.T. & S.A.	12,047,167.29	11,338,346.57
Bancamerica Agric. Credit	30,292.79	No Change
Bankitaly Mortgage Co.	172,486.89	"
California Lands, Inc.	1,469,559.01	"
California Joint Stock Land Bank	278,580.66	"
Capital Company	496,6[illegible]3.37	"
Placerville Nat'l Bank	23,150.96	"
Vallejo Com'l Nat. Bank	59,198.49	"
First Nat. Bank Grass Valley	35,430.62	"
Inter-Continental Corp.	2,172,473.13	"
Merchants Nat'l Realty Corp.	346,203.59	"
Transamerica Service Corp.	11,065.66	"
Oakland Bank	2,106.74	"
Occidental Investment Co.	none	"
Occidental Corporation	none	"
John B. Shea Co.	none	"
Transamerica Bank Holding	5,732,467.41	"
Transamerica General Holding	1,546,577.60	"
Transamericainternational Corp.	739,774.24	"
Transamerica Mortgage Holding	63,688.07	"
Coast Service Co.	9,364.06	"
Realty Holding Co. of Am.	1,701.65	"
Transamerica Pub. Utilities	3,156.26	"
First Nat'l Corp. of Portland	15,783.94	"
Coast Company	7,028,764.82	"
Corporation of America	36,882.61	"
Geo. H. Bates Co.	22,635.66	"
Bank of East Portland	12,565.10	"
California Mortgage Ins. Co.	36,093.24	"
South East Portland Bank	3,273.73	"
Live Stock State Bank	169.07	"
Associated American Distributors	410,562.15	"
Ontario Bond and Mortgage Co.	1,776.14	"
Total	29,469,157.12	28,760,336.40

Separate returns for each of the above corporation were attached and made part of the original return as filed.

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(b) Profit or Loss from Sale of all other Assets. (From Schedule B, Total (b))
11. Dividends on Stock of:
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1932
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1932
(c) Foreign Corporations
12. Other Income (State nature of income) (Use separate schedule, if necessary)
13. TOTAL INCOME IN ITEMS 3, AND 6 TO 12, INCLUSIVE

DEDUCTIONS

14. Compensation of Officers (From Schedule C)
15. Rent on Business Property
16. Repairs (From Schedule D): (a) Salaries and Wages, $; (b) Other Costs, $; Total
17. Interest
18. Taxes (From Schedule E)
19. Losses by Fire, Storm, etc. (From Schedule F)
20. Bad Debts (From Schedule G)
21. Dividends (From Schedule H)
22. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)
23. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 9)
24. Other Deductions Authorized by Law (Explain below, or on separate sheet):
(a) Salaries and wages. (Not included in Items 3, 6, 14, or 16 above)
(b) _____
25. TOTAL DEDUCTIONS IN ITEMS 14 TO 24
26. NET INCOME (Item 13 minus Item 25) 16 951 409 07

CONSOLIDATED LOSS

COMPUTATION OF TAX

INCOME TAX

27. Net Income (From 26 above)
28. Income Tax (12½% of Item 27) (or 100% of Item 27, if this is a consolidated return)
29. Less: Credit for Income Taxes Paid or Accrued (This credit can be allowed only to domestic corporations subject to taxation under Title I of Revenue Act of 1932)
30. Balance of Income Tax (From 28 minus Items 29 and 30)

EXCESS-PROFITS TAX

31. Net Income for Excess-profits Tax Computation (From 26 above)
32. Less: 12½% of $ (Your capital base is stated in Item 34. If you are combined Tax, if capital base is not specially assigned for Part, stated, Part 35, or specially assigned for Part, stated, Part 36, or specially assigned for Part, stated, Part 37, be capital base is 12½, if this is a consolidated return)
33. Amount Subject to Excess-profits Tax (Item 31 minus Item 32)
34. Excess-profits Tax (8% of Item 33)

An amended return must be marked "Amended" at top of return. Checks and drafts will be accepted only if payable at par.

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1932 CONSOLIDATED RETURN OF TRANSAMERICA CORPORATION 1932
Amended Depreciation Schedule
of
BANK OF AMERICA N.T. & S.A. - APRILL TR #7

Property	Cost	Depreciation Prior Years	Remaining Cost	1932 Correct Depreciation	Depreciation Deducted on Orig. Return	Excessive Depr. Deducted on Orig. Return
Bank Premises	21,161,887.89	3,638,907.29	17,612,980.60	267,841.66	697,061.26	429,219.37
Alterations	1,709,644.66	809,809.18	1,199,736.60	63,262.18	123,287.33	60,025.15
Furniture	4,194,233.19	2,018,823.15	2,180,608.04	168,913.89	336,718.76	168,805.19
Fixtures	7,404,238.66	3,094,008.11	4,312,231.67	243,962.21	588,120.12	244,157.91
Safe Deposit	3,237,031.92	429,189.99	2,807,871.93	56,387.04	64,970.14	8,583.10
Autos	66,858.32	28,210.27	37,646.05	15,011.67	15,011.67	-
Addressograph	22,947.18	-	22,947.18	6,000.00	6,000.00	-
O.E.E. Improvements	3,902,830.63	25,999.63	3,666,830.78	162,168.63	162,166.63	-
Restorations	176,649.84	104,982.99	70,666.85	2,466.88	2,466.88	-
Properties Abandoned	56,002.64	-	56,002.64	56,002.64	56,002.64	-
Totals	42,023,294.49	8,746,925.32	32,266,330.66	1,238,996.62	1,947,619.34	708,820.72

Other Schedules same as on the original return.

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(b) Profit or Loss from Sale of all other Assets. (From Schedule B, Total (b)) ....

11. Dividends on Stock of:
    (a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1932 ....
    (b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1932 ....
    (c) Foreign Corporations ....
12. Other Income (State nature of income) (Use separate schedule, if necessary) ....
13. TOTAL INCOME IN ITEMS 3, AND 6 TO 12, INCLUSIVE .... $

DEDUCTIONS

14. Compensation of Officers (From Schedule C) .... $
15. Rent on Business Property ....
16. Repairs (From Schedule D): (a) Salaries and Wages, $ .... (b) Other Costs, $ .... Total ....
17. Interest ....
18. Taxes (From Schedule E) ....
19. Losses by Fire, Storm, etc. (From Schedule F) ....
20. Bad Debts (From Schedule G) ....
21. Dividends (From Schedule H) ....
22. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I) ....
23. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 23) ....
24. Other Deductions Authorized by Law (Explain below, or on separate sheet).
    (a) Salaries and wages. (Not included in Items 3, 5, 14, or 16 above) ....
    (b) ....
25. TOTAL DEDUCTIONS IN ITEMS 14 TO 24 .... $
26. NET INCOME (Item 13 minus Item 25) CONSOLIDATED LOSS .... $ 15 951 409 07

COMPUTATION OF TAX

INCOME TAX			RECOMPUTED TAX
27. Net Income (Item 26, above)	$	None	28. Net Income for Recomputed Tax Computation (Item 26, above) $
28. Income Tax (13½% of Item 27) (or 14½% of Item 27, if this is a consolidated return)	$		29. Less: 13½% of $ ..... value of capital stock as declared in your capital-stock tax return for year ended June 30, 1932 (or combined value of capital stock as separately declared for year ended June 30, 1932, by those members of the affiliated group subject to capital-stock tax, if this is a consolidated return)
29. Less: Income Tax Paid at Source. (This credit can be allowed only to a nonresident foreign corporation) $			30. Amount Subject to Excess-profits Tax (Item 28 minus Item 29) $
30. Income Tax Paid to a Foreign Country or U.S. Possession by a Domestic Corporation $			31. Excess-profits Tax (6% of Item 30) $
31. Balance of Income Tax (Item 28 minus Items 29 and 30) $		None	

An amended return must be marked "Amended" at top of return. Checks and drafts will be accepted only if payable at par.

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CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN

For Calendar Year 1933

and Affiliates

San Francisco, California

Yes

GROSS INCOME

ATTACH REMITTANCE HERE

DEDUCTIONS

COMPUTATION OF TAX

SCHEDULE K—BALANCE SHEETS (See Instruction 46)

Items	Beginning of Taxable Year: Amount	Beginning of Taxable Year: Total	End of Taxable Year: Amount	End of Taxable Year: Total
ASSETS				
1. Cash		$		$
2 Notes receivable				
3. Accounts receivable	$		$	
Less reserve for bad debts				
4 Inventories:				
Raw materials	$		$	
Work in process				
Finished goods				
Supplies				
5. Investments (nontaxable):				
Obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia	$		$	
Securities issued under the Federal Farm Loan Act, or under such Act as amended, and obligations of United States possessions				
Obligations of the United States				
6. Other investments:				
Stocks of domestic corporations	$		$	
Bonds of domestic corporations				
Stocks and bonds of foreign corporations				
All other investments or loans				
7. Deferred charges:				
Prepaid insurance	$		$	
Prepaid taxes				
All other				
8. Capital assets:				
Land	$		$	
Buildings				
Machinery and equipment				
Furniture and fixtures				
Delivery equipment				
Less reserves for depreciation (except on land)	$		$	
9. Patents				
10. Good will				
11. Other assets (describe fully):				
	$		$	
12. Total Assets		$		$
LIABILITIES				
13. Notes payable (less than one year)		$		$
14. Accounts payable				
15. Bonds and notes (not secured by mortgage)				
16. Mortgages (including bonds and notes so secured)				
17. Accrued expenses:				
Interest	$		$	
Taxes				
All other				
18. Other liabilities (describe fully):				
	$		$	
19. Capital stock:				
Preferred stock (less stock in treasury)	$		$	
Common stock (less stock in treasury)				
20. Surplus	$		$	
21. Undivided profits				
22. Total Liabilities		$		$

Remarks

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income from Item 30, page 1 of the return	$				
2. Nontaxable income:					
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia					
(b) Interest on securities issued under the Federal Farm Loan Act, or under such Act as amended					
(c) Interest on obligations of the United States or its possessions					
(d) Dividends deductible under Section 23 (p) of the Revenue Act of 1932					
(e) Proceeds of life insurance policies paid upon the death of the insured					
(f) Other items of nontaxable income (to be detailed):					
(1)					
(2)					
(3)					
3. Charges against reserve for bad debts, if Item 20, page 1 of return, is not an addition to a reserve					
4. Charges against reserve for contingencies, etc. (to be detailed):					
(a)					
(b)					
(c)					
5. Total of Lines 1 to 4, inclusive	$				
6. Total from Line 14					
7. Net profit for year, as shown by books, before any adjustments are made therein (Line 6 minus Line 5)	$				
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year					
9. Other credits to surplus (to be detailed):					
(a)					
(b)					
(c)					
10. Total of Lines 7 to 9, inclusive	$				
11. Total from Line 17					
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	$				

13. Unallowable deductions:					
(a) Donations, gratuities, and contributions	$				
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in Item 28, page 1 of the return					
(c) Federal taxes paid on tax-free covenant bonds					
(d) Special improvement taxes tending to increase the value of the property assessed					
(e) Furniture and fixtures, additions, or betterments treated as expenses on the books					
(f) Replacements and renewals					
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary					
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation					
(i) Additions to reserve for bad debts which are not included in Item 20, page 1 of return					
(j) Additions to reserves for contingencies, etc. (to be detailed):					
(1)					
(2)					
(3)					
(k) Other unallowable deductions (to be detailed):					
(1)					
(2)					
(3)					
14. Total of Line 13	$				
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property).					
(a) Date paid ..... Character	$				
(b) Date paid ..... Character					
(c) Date paid ..... Character					
(d) Date paid ..... Character					
16. Other debits to surplus (to be detailed):					
(a)					
(b)					
(c)					
17. Total of Lines 15 and 16	$				

NET INCOME OR DEFICIT REPORTED IN RETURN FOR 1932 BEFORE DEDUCTING NET LOSS FOR PRIOR YEAR

1. Enter amount of net income or deficit for 1932 before deducting net loss for 1931 ..... $

2. Enter amount deducted in return for 1932 as net loss for 1931 ..... $

KIND OF BUSINESS

3. State the main business engaged in, also whether acting as principal or as agent on commission; state if inactive or in liquidation:

.....

.....

Check the proper block below to indicate the general industrial division in which the corporation's main income-producing business falls.

- ☐ Agriculture and related industries, including fishing, forestry, ice harvesting, etc.; also leasing of such property.
- ☐ Mining and quarrying, including gas and oil wells; also leasing of such property.
- Manufacturing—
  - ☐ Food products and beverages.
  - ☐ Tobacco.
  - ☐ Textiles and textile products.
  - ☐ Leather and leather products.
  - ☐ Rubber and related products.
  - ☐ Lumber and wood products, including fiber furniture.
  - ☐ Paper, pulp and products.
  - ☐ Printing, publishing, and allied businesses.
  - ☐ Chemicals and allied products, including petroleum products.
  - ☐ Stone, clay, and glass products.
  - ☐ Metal and metal products, including precious metals and products.
  - ☐ Other manufacturing.
- ☐ Construction—excavations, buildings, bridges, railroads, ships, etc.; also equipping and installing operating systems, devices, or machinery without their manufacture.
- ☐ Transportation—rail, water, aerial, motor, etc.; also leasing of such facilities.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telephone, telegraph or radio, waterworks, heating, toll bridges, etc.; also leasing of such utilities.
- ☐ Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.; also leasing of such property.
- ☐ Trading—wholesale, retail, or commission.
- ☐ Service—professional, business, amusement, and domestic, including hotels, restaurants, laundries, etc.
- ☐ Finance—banks and other financial organizations, insurance, real estate; also brokers and agents.

AFFILIATIONS WITH OTHER CORPORATIONS

SEE INSTRUCTION 40

4. Is this a consolidated return? ..... If so, procure from the Collector of Internal Revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return. See Section 141 of the Revenue Act of 1932 and Instruction 41.

5. Was the income of this corporation included in a consolidated return for the prior year? .....

If so, give name of corporation which filed the consolidated return. .....

PREDECESSOR BUSINESS

6. Did the corporation file a return under the same name for the preceding taxable year? ..... Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? ..... If answer is "yes," give name and address of each predecessor business, and the date of the change in entity. .....

.....

.....

Upon such change were any asset values increased or decreased? .....

If the answer is "yes," closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

7. Is this return made on the basis of cash receipts and disbursements? .....

If not, describe fully what other basis or method was used in computing net income. .....

.....

VALUATION OF INVENTORIES

8. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. .....

.....

.....

.....

.....

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

.....

.....

.....

.....

.....

SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		5. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 2 (c))	Items	Amount (Enter as Item 5)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—PROFIT FROM SALE OF STOCKS, BONDS, REAL ESTATE, ETC. (See Instruction 10)

1. Kind of Property	2. Date Acquired	3. Date Sold	4. Amount Received	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements After Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913	9. Net Profit or Loss
	Mo. Day Year	Mo. Day Year						
(a) Stocks and bonds * held 2 years or less:								
			$	$	x x x x x x	x x x x x x	x x x x x x	$
					x x x x x x	x x x x x x	x x x x x x	
					x x x x x x	x x x x x x	x x x x x x	
Total (a) transfer net profit to Item 10(a)	x x x x x	x x x x x	$	$	x x x x x x	x x x x x x	x x x x x x	$
(b) All other assets:								
			$	$	$	$	$	$
Total (b) transfer net profit or loss to Item 10(b)	x x x x x	x x x x x	$	$	$	$	$	$

* As defined in Section 23(t), 1932 Act.
State how property was acquired ...

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 14)

1. Name of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned		8. Amount of Compensation (Enter as Item 14)
			4. Common	5. Preferred	
					$

SCHEDULE D—COST OF REPAIRS (See Instruction 16)

1. Items	2. Amount (Enter as Item 16)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 18)

1. Items	2. Amount (Enter as Item 18)
	$

SCHEDULE F—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 19)

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 19)
		$	$	$	$	$

State how property was acquired ...

SCHEDULE G—BAD DEBTS (See Instruction 20)

1. Year	2. Sales on Account	3. Bad Debts
1929	$	$
1930		
1931		
1932		
1933		

SCHEDULE H—DIVIDENDS DEDUCTIBLE (See Instruction 21)

1. Name of Corporation	Amount of Dividends	
	2. Domestic	3. Foreign
	$	$

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 22)

1. Kind of Property	2. Date Acquired	3. Age When Acquired	4. Probable Life After Acquisition	5. Cost	6. March 1, 1913, Value if Acquired Prior to That Date	7. Depreciation Allowed (or Allowable) in Prior Years	8. Depreciation Allowable This Year
				$	$	$	$

AFFIDAVIT

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1932 and the National Industrial Recovery Act and the Regulations issued thereunder.

TRANSAMERICA CORPORATION - AMENDED CONSOLIDATED RETURN 1933

STATEMENT

This amended return is being filed to correct the depreciation deduction claimed on Furniture and Fixtures, Bank Premises, and other assets owned by Bank of America N. T. & S. A. in determining the net income or loss of said Bank included in this consolidated return.

The depreciation deducted for said Bank was erroneous and not in accordance with its books and records. In 1932 the Bank adjusted its depreciation schedules to reflect the results of a survey of its depreciable assets made to determine an accurate basis for depreciation. Although the adjustment was given effect on its books the old depreciation schedules were used as a basis for computing the depreciation deducted in the original tax return for this year pending a review by the Commissioner of Internal Revenue and a mutually satisfactory revision of the depreciation for income tax purposes. This revision was made and mutually satisfactory schedules were prepared by the Bank and the office of the Internal Revenue Agent in Charge at San Francisco but these schedules were rejected by the Commissioner of Internal Revenue presumably on the grounds that the Bank had claimed greater depreciation in the years 1932, 1933, 1934 and 1935. This amended return is being filed to change and correct the depreciation deduction taken on the original return and to bring the original return into accord with the books and records of the Bank.

D-5

D-5

10 Capital Gain or Loss (From Schedule D)

11 Interest on Liberty Bonds, etc. (From Schedule C)

12 Dividends on Stock of

(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934

(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934

(c) Foreign Corporations

13 Other Income (State nature of items included in amount shown in summary)

14 Total Income in Items 2, and 6 to 13 inclusive

DEDUCTIONS

15 Compensation of Officers (From Schedule E)

16 Rent on Business Property

17 Repairs (From schedule F) Total

18 Interest

19 Taxes (From Schedule G)

20 Losses by Fire, Storm, etc.

21 Bad Debts (From Schedule H)

22 Dividends (From Schedule I)

23 Depreciation (From schedule J) (Enter also total of depreciation from schedule J)

24 Depletion of Mines, Oil and Gas Wells, Timber, etc. (From schedule K)

25 Other Deductions (Attach schedule showing nature of deductions)

a. Reserve for Losses

(b) Bad Debts (Enter here the difference between the amount of bad debts allowable under section 23(k) and the amount of bad debts actually sustained in the taxable year)

26 Total Deductions (Enter on Line 30, Page 2)

27 Net Income (Line 14 minus Line 26)

COMPUTATION OF TAX

28 Net Income (Line 27)

29 Less credit for dividends received

30 Balance subject to Tax (Line 28 minus Line 29)

31 Less Exemption (Not over $2,500)

32 Balance (Line 30 minus Line 31)

33 Income Tax (Line 32 at rate of 13 1/2%)

34 Balance of Income Tax Due (Line 33 minus Line 34)

TRANSAMERICA CORPORATION
And Affiliates
San Francisco, Cal.

1933
Consolidated Net Income

	Original Return	Amended Return
nsamerica Corporation	63,998.09	No Change
rica and Security Ins. Corp.	14,141.79	"
rican Brokerage Inc.	9,158.80	"
kamerica Company	67,223.78	"
k of America	1,129,955.88	"
k of America N.T. & S.A.	10,827,436.79	10,201,164.32
kamerica Agric. Credit Assn.	16,939.64	No Change
ifornia Lands, Inc.	933,257.49	"
ifornia Joint Stock Land Bk.	26,064.44	"
ital Company	624,406.44	"
ersville Nat'l Bank	10,827.41	"
lejo Com'l Nat'l Bank	19,765.47	"
st Nat'l Bank Grass Valley	6,151.18	"
er-Continental Corp.	3,778,432.91	"
chante Nat'l Realty Corp.	272,106.14	"
nsamerica Service Corp.	1,948.54	"
land Bank	854.91	"
idental Investment Co.	None	"
idental Corporation	None	"
n B. Shea Co.	None	"
nsamerica Bank Holding Co.	50,168.38	"
nsamerica Gen. Holding Co.	309,676.60	"
st Service Co.	23,897.78	"
st Nat'l Corp. of Portland	15,896.95	"
st Company	1,760,428.10	"
poration of America	300,816.43	"
. M. Bates Co.	82,908.32	"
k of East Portland	64,848.23	"
	-	"
th East Portland Bank	233.04	"
w Stock State Bank	3,475.54	"
ociated American Dist.	2,817.60	"
ham Bank	2,357.89	"
Total	19,677,872.54	10,981,407.07

arate Returns for each of the above corporations were attached and
e part of the original return as filed.

10. Capital Gain or Loss (From Schedule B) 7,302,123.43
11. Interest on Liberty Bonds, etc. (From Schedule D) 1,302.72
12. Dividends on Stock of
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934 .....
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934 ..... 3,533.40
(c) Foreign Corporations 290,000.00
13. Other Income (State nature of income) (If on separate schedule, if necessary) Fees and recoveries ..... 3,124,429.44 $ 54,001,387.87
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE .....

DEDUCTIONS

15. Compensation of Officers (From Schedule C) ..... $ 1,633,717.57
16. Rent on Business Property ..... (b) Other Costs ..... Total 1,[illegible]1,401.16
17. Repairs (From Schedule D) (a) Salaries and Wages 33,501,124.38
18. Interest ..... 2,240,[illegible]10.56
19. Taxes (From Schedule F) .....
20. Losses by Fire, Storm, etc. (From Schedule E) ..... [illegible]
21. Bad Debts (From Schedule G) 1,133,302.72
22. Dividends (Item 12 (a) above) ..... 1,[illegible]
23. Depreciation resulting from exhaustion, wear and tear, or obsolescence) (From Schedule H) .....
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit statement showing method of computation) .....
25. Other Deductions Authorized by Law (Specifications must be attached to return) (Not included in Items 2, 3 or 12 above) ..... 10,[illegible]537.37
(a) Salaries and wages .....
(b) Total [illegible] over [illegible] Schedule E, Schedule B, Schedule G, etc. $ [illegible]
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25 ..... $ [illegible]
27. NET INCOME (Item 14 minus Item 26) ..... $ 6,[illegible]

COMPUTATION OF TAX

Income Tax

28. Net Income (Item 27, above) .....
29. Less Interest on Liberty Bonds, etc. (Item 11) .....
30. Balance subject to Income Tax (Item 28 minus Item 29) .....
31. Income Tax (13½% of Item 30 for 1934 and 12½% of Item 30 for 1933 for consolidated returns of railroad corporations) .....
32. Less Income Tax Paid at Source (Plus credit on account of foreign taxes, if any, for domestic corporations) .....
33. Income Tax Paid to a Foreign Country or to Possessions of the United States by Domestic Corporations .....
34. Balance of Income Tax (Item 31 minus Items 32 and 33) .....
35. Net Income for Income Tax Computation (Item 27, above) .....
36. Less 12½% of the value of capital stock as shown on line 41 hereof (Not applicable to net years for 1934) .....
37. Amount subject to Excess Profits Tax (Item 35 minus Item 36) .....
38. Excess Profits Tax 9% of Item 37 .....

Note. No credit computation of Excess Profits Tax must be made if the taxable net income of an affiliated group of corporations including a consolidated Income Tax return

[illegible]

1933 CONSOLIDATED RETURN OF THE BANK OF AMERICA CORPORATION 1933

Amended Depreciation Schedule

of

BANK OF AMERICA N.T. & S. A. - APPLIANCE 66

Property	Cost	Depreciation Prior Years Cost	Remaining Cost	Current Depreciation 1933	Depreciation Claimed on Orig. Return	Excessive Depr. Deducted on Orig. Return
Bank Premises	36,003,923.46	3,896,809.27	32,107,114.19	333,134.44	572,013.16	236,878.62
Alterations	1,631,867.01	860,372.61	1,061,194.40	84,344.40	62,191.60	2,152.80
Furniture	4,204,241.62	2,180,078.74	2,024,162.78	170,441.64	323,173.86	152,732.01
Fixtures	7,236,964.91	3,349,021.36	3,886,943.55	336,803.66	664,776.68	328,372.92
Safe Deposit	3,303,425.24	481,262.56	2,822,162.68	56,367.22	63,219.14	6,851.92
Autos	66,138.95	40,324.11	25,814.84	11,866.89	11,966.89	-
Addressograph	22,947.19	6,000.00	16,947.19	6,000.00	6,000.00	-
O.R.E. Improvements	3,902,830.43	188,166.46	3,714,672.16	71,762.63	71,762.63	-
Reorganizations	96,162.61	27,450.44	68,712.17	2,324.19	2,324.19	-
Totals	56,627,189.61	10,749,477.79	46,777,711.72	1,071,674.57	1,698,146.64	626,472.47

Other Schedules same as on the original return.

10. Capital Gain or Loss (From Schedule B)	1,085,129.49		
11. Interest on Liberty Bonds, etc. (From Schedule D)	7,302,[illegible]23.43		
12. Dividends on Stock of			
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934	1[illegible]3,302.72		
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934	-		
(c) Foreign Corporations	3,053.40		
13. Other Income (State nature of income) (If on separate schedule, if necessary) fees and recoveries	250,000.00		
	3,124,[illegible]		
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE			$ 51,001,387.87
DEDUCTIONS			
15. Compensation of Officers (From Schedule C)	$		
16. Rent on Business Property	1,523,717.57		
17. Repairs (From Schedule D) (a) Salaries and Wages, $ (b) Other Costs, $ Total	1,[illegible]3,501.16		
18. Interest	32,001,124.[illegible]		
19. Taxes (From Schedule F)	2,040,210.56		
20. Losses by Fire, Storm, etc. (From Schedule F)	[illegible]		
21. Bad Debts (From Schedule G)	[illegible]5,347.16		
22. Dividends (Item 12 (a) above)	1[illegible]3,302.72		
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule H)	1,020,[illegible]23		
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Without exceeding see Instruction 24)			
25. Other Deductions Authorized by Law (If on separate sheet)			
(a) Salaries and wages (Not included in Items 17 (a) or 17 above)	10,[illegible]7.57		
(b) Stationery, advertising, telephone, insurance, etc.	[illegible]		
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25			[illegible]
27. NET INCOME (Item 14 minus Item 26)			$ [illegible]

COMPUTATION OF TAX

Income Tax		Excess Profits Tax	
28. Net Income (Item 27, above)	$ [illegible]	33. Net Income for Excess-profits Tax Computation (Item 27, above)	$
29. Less Interest on Liberty Bonds, etc. (Item [illegible])		34. Less 10% of the value of capital stock as declared in an application for relief for year ended June 30, 1934	
30. Balance subject to Income Tax (Item 28 minus Item [illegible])	$	35. Amount subject to Excess-profits Tax (Item 33 minus Item 34)	$
31. Income Tax (12½% of Item 30, or 13½% of Item 30, if [illegible] consolidated return of railroad corporation)	$	36. Excess-profits Tax (6% of Item 35)	$
32. Less Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation) $		Note — Separate computation of Excess-profits Tax must be made on Form 1120 by each member of an affiliated group of railroad corporations making a consolidated Income Tax return	
33. Income Tax Paid to a Foreign Country or U. S. Possession by a Domestic Corporation			
34. Balance of Income Tax (Item 31 minus Items 32 and 33)	$		

Form 1120
TREASURY DEPARTMENT
Internal Revenue Service
(Auditor's Stamp)

3-23-36
aP.B

8-17-37

COMPLETED RETURN
FORM 2004 MUST BE FILED WITH THIS RETURN

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN
For Calendar Year 1934

or Fiscal Year begun _____, 1934, and ended _____, 1935

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA NT&SA
(Name)
1 Powell Street
(Street and number)
San Francisco, California
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled In Irrespective of Any Statements, Schedules, or Reports Submitted Herewith.

Date of Incorporation March 1, 1927
Under the Laws of what State or Country U.S.A.

Page 1 of Return

File Code 81
Serial Number 856417
District 1-Calif.
(Collector's Stamp)
ADOPTED MAY 15 1935
Cash Check M.O. Cert. of Ind.
Place Payment
$

The Corporation's Books are in Care of _____ Located at _____

Kind of Business (In detail) Banking (Also check industrial division on page 2) Is This a Consolidated Return of Railroad Corporations? no If so, of How Many Corporations? _____

If a Foreign Corporation, State Whether Resident or Nonresident _____; if Nonresident, State Amount of Income Excluded (Instruction 22) From Gross Income, $_____

Is the Corporation a personal holding company within the meaning of Section 351 of the Revenue Act of 1934? no (Answer "yes" or "no") (If so, an additional return on Form 1120 H must be filed.)

ATTACH REMITTANCE HERE

GROSS INCOME

1. Gross Sales (where inventories are an income determining factor), $_____; Less Returns and Allowances, $_____; Net Sales $
2. Less Cost of Goods Sold:
   (a) Inventory at beginning of year $
   (b) Material or merchandise bought for manufacture or sale
   (c) Miscellaneous costs (From Schedule A, Column 1): (1) Salaries and wages, $_____; (2) Other costs, $_____; Total
   (d) Total of lines (a), (b), and (c) $
   (e) Less inventory at end of year
3. Gross Profit from Sales (Item 1 minus Item 2) $
4. Gross Receipts (where inventories are not an income-determining factor) $ 699,753.65
5. Less cost of operations (From Schedule A, Column 2): (a) Salaries and wages, $_____; (b) Other costs, $_____; Total 341,501.95
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5) 358,257.70
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc 39,449,186.44
8. Rents 1,610,352.69
9. ~~Rent~~ Loss guaranteed by Trans. Bank Holding Co. on bonds sold 547,035.58
10. Capital Gain or Loss (From Schedule B) 1,065,163.43
11. Interest on Liberty Bonds, etc. (From Schedule D) 7,302,[illegible]3.43
12. Dividends on Stock of:
    (a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934 1[illegible],3[illegible].72
    (b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934 -
    (c) Foreign Corporations 3,[illegible].40
13. Other Income (state nature of income) (If on separate schedule, if necessary) [illegible]ses and recoveries 250,000.00 3,124,[illegible] $ 51,001,387.87
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE.

DEDUCTIONS

15. Compensation of Officers (From Schedule C) $
16. Rent on Business Property 1,[illegible],717.57
17. Repairs (From Schedule D): (a) Salaries and Wages, $_____; (b) Other Costs, $_____; Total 1,0[illegible],501.16
18. Interest 32,501,124.88
19. Taxes (From Schedule F) 2,0[illegible],210.50
20. Losses by Fire, Storm, etc. (From Schedule F) [illegible],347.16
21. Bad Debts (From Schedule [illegible]) 103,302.72
22. Dividends (Item 12 (a) above) 1,620,[illegible].23
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule [illegible])
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit a separate schedule see instruction 24)
25. Other Deductions Authorized by Law (Attach schedule if a separate sheet)
    (a) Salaries and wages (Not included in Item 17 above) 10,[illegible],637.57
    (b) Rent, advertising, telephone, insurance, etc. [illegible]
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25 [illegible]
27. NET INCOME (Item 14 minus Item 26) $ [illegible]

COMPUTATION OF TAX

(Normal Tax)

28. Net Income (Item 27, above) [illegible]
29. Less Interest on Liberty Bonds, etc. (Item 11)
30. Balance subject to Income Tax (Item 28 minus Item 29) $
31. Income Tax (12½% of Item 30 or 15½% of Item 30 if this is a consolidated return of railroad corporation) $
32. Less Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation) $
33. Income Tax Paid to a Foreign Country or U.S. Possession by a Domestic Corporation
34. Balance of Income Tax (Item 31 minus Items 32 and 33) $

(Excess Profits Tax)

35. Net Income for Excess profits Tax Computation (Item 27 above) $ no
36. Less 12½% of $_____ value of capital stock as declared for capital stock tax return for year ending _____ $
37. Amount subject to Excess profits Tax (Item 35 minus Item 36) $
38. Excess profits Tax (8% of Item 37) $

NOTE—Separate computation of Excess profits Tax must be made on Form 1120 by each member of an affiliated group of railroad corporations making a consolidated Income Tax return

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SCHEDULE K—BALANCE SHEETS (See Instruction 44)

Items	Beginning of Taxable Year: Amount	Beginning of Taxable Year: Total	End of Taxable Year: Amount	End of Taxable Year: Total
ASSETS				
1. Cash		82,984,670.42		117,329,984.74
2. Notes receivable				
3. Accounts receivable	$		$	
(a) Less reserve for bad debts				
4. Inventories:				
(a) Raw materials	$		$	
(b) Work in process				
(c) Finished goods				
(d) Supplies				
5. Investments (nontaxable):				
(a) Obligations of a State, Territory, or any political subdivision thereof, or District of Columbia, or United States possessions	76,975,510.78		101,590,844.15	
(b) Obligations of instrumentalities of the United States F.H.B. Stock	2,700,000.00		2,700,000.00	
(c) Obligations of the United States	215,453,342.60	295,128,853.38	347,809,086.10	452,099,930.25
6. Other investments:				
(a) Stocks of domestic corporations	$		$	
(b) Bonds of domestic corporations	4,507,570.65		10,581,177.25	
(c) Stocks and bonds of foreign corporations	10,819,586.02		16,070,169.10	
(d) All other investments or loans	487,021,524.75	502,348,681.42	461,555,827.84	488,007,174.19
7. Deferred charges:				
(a) Prepaid insurance	$ 176,456.61		$ 209,331.60	
(b) Prepaid taxes	6,250.02		22,500.00	
(c) All other	561,722.27	744,428.90	410,110.18	641,941.78
8. Capital assets:				
(a) Land	$ 7,517,418.92		$ 11,134,123.24	
(b) Buildings	28,493,534.87		28,285,098.43	
(c) Machinery and equipment	5,404,150.61		5,232,704.07	
(d) Furniture and fixtures	24,796.14		18,950.87	
(e) Delivery equipment	2,766,803.46		2,914,603.12	
Safe deposit vaults				
(f) Less reserves for depreciation (except on land)	$ 44,206,704.00	44,206,704.00	$ 47,585,479.73	47,585,479.73
9. Patents				
10. Good will				
Federal deposit insurance	805,802.24		1,130,805.71	
11. Other assets (describe fully):				
Interest receivable	$ 9,009,591.03		7,948,962.11	
Suspense resources	2,221,507.52		1,983,944.14	
Branch clearings	8,330,402.89	20,367,303.68	13,095,317.57	24,159,027.53
12 Total Assets		945,780,541.80		1,129,823,538.22
LIABILITIES				
13 Notes payable (less than one year)		$		$
14 Accounts payable Deposits		762,381,882.40		977,563,704.95
15 Bonds and notes (not secured by mortgage) Circulation		45,500,000.00		45,500,000.00
16. Mortgages (including bonds and notes so secured)				
17 Accrued expenses				
(a) Interest	$ 780,681.76		$ 1,160,503.12	
(b) Taxes	60,824.85	841,506.61	55,784.01	1,216,287.13
(c) All other				
18 Other liabilities (describe fully):				
Suspense liabilities	$ 30,127,543.90		3,066,516.36	
Reserves	7,488,004.22	37,615,548.12	5,462,689.20	8,529,205.56
19 Capital stock				
(a) Preferred stock (less stock in treasury)	$		$	
(b) Common stock (less stock in treasury)		50,000,000.00		50,000,000.00
20. Surplus	$ 35,000,000.00		30,000,000.00	
21. Undivided profits	14,441,604.67	49,441,604.67	17,014,340.58	47,014,340.58
22. Total Liabilities		945,780,541.80		1,129,823,538.22

Remarks

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BANKOF AMERICA N.T. & S.A.

List of Dividends 1934

Schedule H

Company and address	Amount Line 12-a	Amount Line 12-c
Federal Reserve Bank, San Francisco	$162,171.05	$
First National Bank, Portland	1,236.00	
First National Corp. of Portland, S.F.	4,100.00	
Fireman's Fund, San Francisco	5,100.00	
National City Bank, New York	1,500.00	
Medico Dental Bldg., San Francisco	50.00	
Bank of International Settlement, Switzerland		3,653.40
Northern Warehouse Co., Chico	35.52	
Central Imp. of San Jose, San Jose	350.00	
Lodi Investment Co., Lodi	416.00	
Monterey County Savings Bank, Salinas	2.00	
Merchants Exchange Inc., San Francisco	60.00	
Salinas National Bank, Salinas	15.00	
Filtrol Co. of California, Los Angeles	6,990.43	
Transamerica Corporation, San Francisco	328.37	
Byron Jackson Co., San Francisco	315.00	
Borden Co., New York	21.60	
Honolulu Oil Corp., Ltd., San Francisco	15.00	
Wilson & Co., New York	54.25	
Merchants National Realty Corp., San Francisco	466.50	
California Wine Association, San Francisco	91.00	
Olympian Dredging Co., San Francisco	45.00	
Total	$183,362.72	$3,653.40

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PREDECESSOR BUSINESS

4. Did the corporation file a return under the same name for the preceding taxable year? ....yes
Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or business in existence during this or any prior year since December 31, 1917? ..yes ..... If answer is "yes", give name and address of each predecessor business, and the date of the change in entity.
name changed from Bank of Italy NT&SA 11/1/30

5. Did such change or any asset values increased or decreased? no
If the answer is "yes", closing balance sheet of old business and opening balance sheet of new business must be furnished.

BASIS OF RETURN

6. Is this return made on the basis of cash receipts and disbursements? ..no.....
If not, describe fully what other basis or method was used in computing net income. accrual

VALUATION OF INVENTORIES

7. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock.

PREPARATION OF RETURN (See Instructions 11)

8. Did any person or persons other than the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? .....yes If so, give the name and address of each person or persons and state the nature and extent of the assistance or advice rendered and the items and schedules in respect of which the assistance or advice was rendered. If this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons.
C. H. Neill, S.F., from statements and books

INFORMATION RETURN

9. Did the corporation make a return of information on Forms 1099 and 1096 (see instruction 6) for the calendar year 1934? .....yes

10. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

LIST OF ATTACHED SCHEDULES

Form 1094-State of gross income and deductions
Sched.C1-Salaries paid over $15,000.
Sched.H -Dividends earned
Sched.I -Depreciation
Copy of Collector of Internal Revenue's letter extending filing date.

Wines and spirits, distilling gas and oil works, and other manufactures.
Locomotives and railroad equipment.
Motor vehicles, complete or parts.
Machinery—factory, used in producing food, lumber, metal products, textiles, leather, paper, stone, clay, glass, textile and wood products.
Machinery—agricultural and equipment.
Machinery—electrical and equipment.
Machinery—for building, construction, gas and mining machinery and equipment.
Household equipment—metal furniture, refrigerators, sewing machines, washing machines, etc.
Office equipment.
Metal building material and equipment.
Electrical, lamp, etc.
Precious metal products and processes.
Other metals, products and processes.
Miscellaneous manufactures:
Radios, complete or parts.
Motorcycles—cycle railroad, bicycles, motorcycles, ships, equipping and repairing ships.
Transportation—rail, water, aerial, motor, etc.
Building materials:
Paints, varnishes, lacquers, oils, or power, gas (artificial or natural), pipe lines, (telegraph, telephone, radio, water and electric), supply, distribution, radio, water and electric.
Storage—cold storage, grain elevators, warehouses, and depots, etc.
Banks, sub depots, vaults, etc.
Trades:
Brokers and bond brokers, investment bankers or brokers, investment trusts.
Real estate, realty holding, real estate agents.
Insurance companies (not agents).
Other finance—loan companies, building and loan associations, pools, mortgage or pawn brokers, stock exchanges, insurance agents.

We furnished Transamerica Service Corporation with balance sheet and profit and loss statement, which they used as a basis for compiling the return.

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income from Item 27, page 1 of the return	6,904,535.85
2. Nontaxable income	
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia, or United States possessions	4,373,435.30
(b) Interest on obligations of the United States (except interest in excess of exemption or reported in Schedule J (c))	1,55 ,732.91
(c) Dividends deductible under Section 23 (p) of the Revenue Act of 1934	183,367.72
(d) Proceeds of life insurance policies paid upon the death of the insured	
(e) Other items of nontaxable income (to be detailed)	
(1) Int. Jt. Stk. Ld. Bk. notes	20,422.42
(2) Pension fund-Net loss	10,949.12
(3) Federal Deposit Ins.	325,001.47
3. Charges against reserve for bad debts, if Item 21, page 1 of return is not an addition to a reserve	
4. Charges against reserve for contingencies, etc (to be detailed)	
(a) Tax charged reserve	2,441,014.88
(b) Losses charged reserve	11,920.83
(c) Adj. sale Capital assets	1,570,963.00
5. Total of Lines 1 to 4, inclusive	3,421,266.80
6. Total from Line 14	3,410,240.19
7. Net profit or loss for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6) (If loss, indicate)	11,026.61
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	49,441,604.67
9. Other credits to surplus (to be detailed)	
(a) Transfers from reserves	12,165,494.35
(b)	
(c)	
10. Total of Lines 7 to 9, inclusive	61,618,125.63
11. Total from Line 17	14,603,785.05
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	47,014,340.58

13. Unallowable deductions	
(a) Donations, gratuities, and contributions	67,806.30
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in whole or in part in Item 33, page 1 of the return	310,000.00
(c) Federal taxes paid on tax-free covenant bonds	
(d) Special improvement taxes tending to increase the value of the property assessed	
(e) Furniture and fixtures, additions, or betterments treated as expenses on the books	
(f) Replacements and renewals	
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary	
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation	
(i) Additions to reserve for bad debts which are not included in Item 21, page 1 of return	
(j) Additions to reserves for contingencies, etc (to be detailed)	
(1) Inc. reserve	1,715,500.02
(2) Adj.-Sale capital assets	38,228.95
Adj.-Depreciation	419,352.17
(k) Other unallowable deductions (to be detailed)	
(1) Profit & Loss adj. 1/5/35	12,257.17
(2) Loss guaranteed by T.E.R.C.	597,095.58
"Charge-off" items sold "	850,000.00
14. Total of Line 13	3,410,240.19
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):	
(a) Date paid 3/17/34 Character Cash	750,000.00
(b) Date paid 6/13/34 Character "	1,000,000.00
(c) Date paid 9/14/34 Character "	1,000,000.00
(d) Date paid 12/12/34 Character "	1,000,000.00
16. Other debits to surplus (to be detailed):	
(a) Transfers to reserves	10,853,785.05
(b)	
(c)	
17. Total of Lines 15 and 16	14,603,785.05

NET INCOME (OR DEFICIT) REPORTED IN RETURN FOR CALENDAR YEAR 1933 OR FISCAL YEAR 1934

1. Net income $ ..... (or deficit) $ 10,827,430.73

NATURE OF BUSINESS

2. Check the block to indicate the industrial division in which the corporation's main income producing business falls.

- [ ] Agriculture and related industries, including fishing, forestry, ice-harvesting; leasing such properties.
- [ ] Mining and quarrying, including gas and oil wells, leasing such properties.

MANUFACTURING

Food and kindred products:

- [ ] Bakery and confectionery products.
- [ ] Canned products—fish, fruit, vegetables, poultry.
- [ ] Mill products—bran, flour, feed.
- [ ] Packing-house products—meats, lard; slaughtering.
- [ ] Sugar—beet, cane, maple; molasses, sirups; refining.
- [ ] Other food products—butter substitutes, cereals, coffee, spices, dairy products, artificial ice, etc.
- [ ] Beverages, soft drinks, mineral water.
- [ ] Brewing and distilling—alcohol, liquors, beer, malt extract, wines.
- [ ] Tobacco products.

Textiles:

- [ ] Cotton goods—dress goods, etc.; napping, dyeing.
- [ ] Woolen and worsted goods—dress goods, etc.; wool pulling, scouring.
- [ ] Silk and rayon goods—dress goods, thrown silk, etc.; spinning, warping.
- [ ] Carpets, floor coverings, tapestries, linoleum.
- [ ] Other textiles—cord, felt, fur, linen, artificial leather, surgical textiles, etc.
- [ ] Clothing—custom-made, factory-made, underwear, millinery, etc.
- [ ] Knit goods—sweaters, hosiery, etc.
- [ ] Leather boots, shoes, slippers, etc.
- [ ] Other textile products—saddlery, harness, trunks, luggage, tanning.
- [ ] Rubber tires and tubes.
- [ ] Other rubber products.
- [ ] Boots and shoes.
- [ ] Other leather products.
- [ ] Sawmill products.
- [ ] Furniture.
- [ ] Furniture and fixtures.
- [ ] Chemicals proper, acids, compounds, coal tar products, etc.
- [ ] Allied chemical substances, drugs, oils, soaps, etc.
- [ ] Paints, pigments, varnishes, etc.
- [ ] Fertilizers.
- [ ] Stone, clay, glass, and related products.

MANUFACTURING—(Continued)

Metal products and processes:

- [ ] Iron and steel—products of blast furnaces, rolling mills, foundries.
- [ ] Locomotives and railroad equipment.
- [ ] Motor vehicles, complete or parts.
- [ ] Machinery—factory, used in producing food, leather, metal, paper, printing, rubber, stone, clay, glass, textile and wood products.
- [ ] Machinery—agricultural and equipment.
- [ ] Machinery—electrical and equipment.
- [ ] Machinery—other, building, construction, gas and mining machinery and equipment.
- [ ] Household equipment—metal furniture, refrigerators, sewing machines, washing machines, etc.
- [ ] Office equipment.
- [ ] Metal building material and equipment.
- [ ] Hardware, tools, etc.
- [ ] Precious metal products and processes.
- [ ] Other metals, products and processes.

Miscellaneous manufacturing:

- [ ] Radios, complete or parts.
- [ ] Musical, professional, and scientific instruments, optical goods, small boats.
- [ ] Airplanes, airships, seaplanes, parts.
- [ ] Construction—excavations, bridges, buildings, railroads, ships, equipping and installing systems.
- [ ] Transportation—rail, water, aerial, motor, etc.; leasing such facilities.
- [ ] Public utilities—electric light or power, gas (artificial or natural), pipe lines, telegraph, telephone, radio, water-works, heat supply, toll bridges, etc.; leasing such utilities.
- [ ] Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.

Trade:

- [ ] Stock and bond brokers, investment bankers or brokers, investment trusts.
- [ ] Real estate, realty holding, real estate agents.
- [ ] Insurance companies (not agents).
- [ ] Other finance—loan companies, building and loan associations; note, mortgage or pawn brokers, stock syndicates, insurance agents.

We furnished Transamerica Service Corporation with balance sheet and profit and loss statement, which they used as a basis for compiling the return.

AFFILIATIONS WITH OTHER CORPORATIONS (See instruction 3c)

3. Is this a consolidated return? no If so, procure from the collector of internal revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return.

4. Was the income of this corporation included in a consolidated return for the prior year? yes

If so, give name of corporation which filed the consolidated return. Transamerica Corporation, San Francisco

PREDECESSOR BUSINESS

5. Did the corporation file a return under the same name for the preceding taxable year? yes Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or business in existence during this or any prior year since December 31, 1917? yes If answer is "yes", give name and address of each predecessor business, and the date of the change in entity.

name changed from Bank of Italy NT&SA 11/1/30

Upon such change were any asset values increased or decreased? no

If the answer is "yes", closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

6. Is this return made on the basis of cash receipts and disbursements? no

If not, describe fully what other basis or method was used in computing net income. accrual

VALUATION OF INVENTORIES

7. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock.

PREPARATION OF RETURN (See instruction 31)

8. Did any person or persons advise the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? yes (Answer "yes" or "no") If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received and the items and schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons

C. H. Neill, S.F., from statements and books

INFORMATION RETURN

9. Did the corporation make a return of information on Forms 1096 and 1099 (see instruction 67) for the calendar year 1934? yes (Answer "yes" or "no")

LIST OF ATTACHED SCHEDULES

10. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number The name and address of the corporation should be placed on each separate schedule accompanying the return.

Form 1094-State of gross income and deductions
Sched.C1-Salaries paid over $15,000.
Sched.H -Dividends earned
Sched.I -Depreciation
Copy of Collector of Internal Revenue's letter extending filing date.

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SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 3 (c))	Items	Amount (Enter as Item 5)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—CAPITAL GAINS AND LOSSES (See Instruction 10)

1. Description of Property	2. Date Acquired	3. Date Sold	4. Amount Received	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements After Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913 (Furnish details)	9. Gain or Loss
	Mo. Day Year	Mo. Day Year						
Bank premises			1,374,670.00	1,535,963.87			188,514.42	38,328.95
Bonds	Various	Var.	[illegible]	[illegible]	$	$	$ -	$1,280,098.38
Real estate	"	"	12,515,000.00	[illegible]			31,462.17	253,366.98
Autos	"	"	[illegible]	[illegible]			7,337.92	743.08
Net Gain or Loss (enter as Item 10) (Capital losses are allowed only to the extent of $2,000 plus capital gains)								$1,992,193.43

State (1) how property was acquired [illegible]; (2) whether at time of sale or exchange purchaser owned more than 50% in value of your outstanding stock No.

Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other nontaxable dividends, stock rights, etc.).

Cost of property must be entered in column 5 if a loss is claimed in column 9.

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 15)

1. Name and Address of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	Shares of Stock Owned 5. Preferred	6. Amount of Compensation (Enter as Item 13)
					$

Note: Schedule C-1 also must be filed with this return if compensation in excess of $15,000 was paid to any officer or employee.

SCHEDULE D—COST OF REPAIRS (See Instruction 17)

1. Items	2. Amount (Enter as Item 17)
Salaries and wages Maintenance buildings	$ 955,730.30
Other costs furniture, etc.	67,770.86
Total	1,023,501.16

SCHEDULE E—TAXES PAID (See Instruction 19)

1. Items		2. Amount (Enter as Item 20)
Federal	Capital stock	$ 67,800.00
Federal	Check	9,167.67
Federal	Circulation	249,424.51
Federal	Silver	12,401.64
Federal	Examination	77,905.82
State	Franchise	760.05
City & Co.	Real estate	1,622,977.49
City & Co.	Miscellaneous	5,730.58
	Total	2,046,210.56

SCHEDULE F—EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC. (See Instruction 20)

1. Kind of Property	2. Date Acquired	3. Cost	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Amount of Loss (Enter as Item 20)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 21)

1. Year	2. Sales on Account	3. Bad Debts
		Overdrafts 1,439.29
1930		Loans $ 7,709,264.58
1931		Accrued interest 872,896.17
		Forgeries 16,279.47
1932		Checks unpaid 11,783.83
1933		Cash shortage 15,502.86
1934		Miscellaneous 232,389.24
		Total $ 8,861,315.44

SCHEDULE H—INCOME FROM DIVIDENDS (See Instruction 12)

Itemize below all dividends received during the year, stating the amount and the name and address of the corporation which declared the dividend:

See list attached

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 23)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Cost or March 1, 1913 Value if Acquired Prior to That Date (Indicate basis)	4. Assets Fully Depreciated in Use at End of Year	5. Depreciation Allowed (or Allowable) in Prior Years	6. Remainder Cost or Other Basis to Be Recovered	7. Life Used or Accumulated Depreciation	8. Estimated Remaining Life from Beginning of Year	9. Depreciation Allowable This Year
		$	$	$	$			$

See schedule attached

SCHEDULE J—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES (See Instruction 11)

1. Obligations or Securities	2. Amount Owned	3. Interest Received or Accrued	4. Principal Amount Exempt from Taxation	5. Amount Owned at Extent of Redemption	6. Interest on Amount in Excess of Exemption (Enter as Item 11)
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possession	99,852,906.30	4,373,435.30			
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended	14,819,106.03	651,402.42			
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917	14,215,100.00	298,243.40			
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness	51,144,500.00	1,079,718.61			
(e) Liberty 4% and 4¼% Bonds and Treasury Bonds	230,305,000.00	6,716,743.47			6,716,743.47
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in line (b) above)	40,980,650.00	646,149.86			646,149.86
		15,165,492.06			
				Total	7,362,893.43

AFFIDAVIT (See Instruction 50)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return (including its accompanying schedules and statements, if any) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this 10 day of May, 1935.

NOTARIAL SEAL — Dan J. Foster (Signature of officer administering oath) — Notary Public in and for the City and County of San Francisco, State of California

CORPORATE SEAL — Hugh L. Clary (President, Assistant President, Vice President, or Treasurer, Assistant Treasurer, or Chief Accounting Officer) (State title)

GT CORPORATION [illegible] Nov. 22, 1930

AFFIDAVIT (See Instruction 51)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this 10 day of May, 1935.

NOTARIAL SEAL — Dan J. Foster (Signature of officer administering oath) — Notary Public in and for the City and County of San Francisco, State of California (Title)

C H Neill (Signature of Person preparing the return) Transamerica Service Corp. San Francisco, Calif. (Name of firm or employer, if any)

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BANK OF AMERICA N.T. & S.A.

Depreciation for 1934 Income Tax Return

Schedule I

Kind of property	Cost	Depreciation allowed prior years	Depreciation allowable this year	Balance left to depreciate
nk premises	$33,089,155.49	$ 4,527,556.78	$ 518,827.63	$28,042,771.08
nk premises leased	1,637,619.77	700,606.17	90,886.14	846,127.46
fe deposit vaults	3,563,820.48	615,119.96	64,151.94	2,884,548.58
xtures	7,723,874.55	4,477,531.49	553,757.42	2,692,585.64
rniture	4,503,153.52	2,874,658.29	316,130.67	1,312,464.56
storations	83,766.03	27,295.00	2,741.69	53,729.34
to equipment	55,533.81	40,013.01	6,915.69	8,605.11
dressograph	22,792.19	12,000.00	6,000.00	4,792.19
orovements O.R.E.:				
Oakland subdivisions	53,282.02	506.50	2,029.65	50,745.87
Los Angeles subdivisions	370,234.75	-	18,516.76	351,717.99
Calif. Lands Agency	none			
Capital Company Agency	1,195,422.61	60,688.13	40,868.64	1,093,865.84
Total	$52,298,655.22	$13,335,875.39	$1,620,826.23	$37,341,953.60

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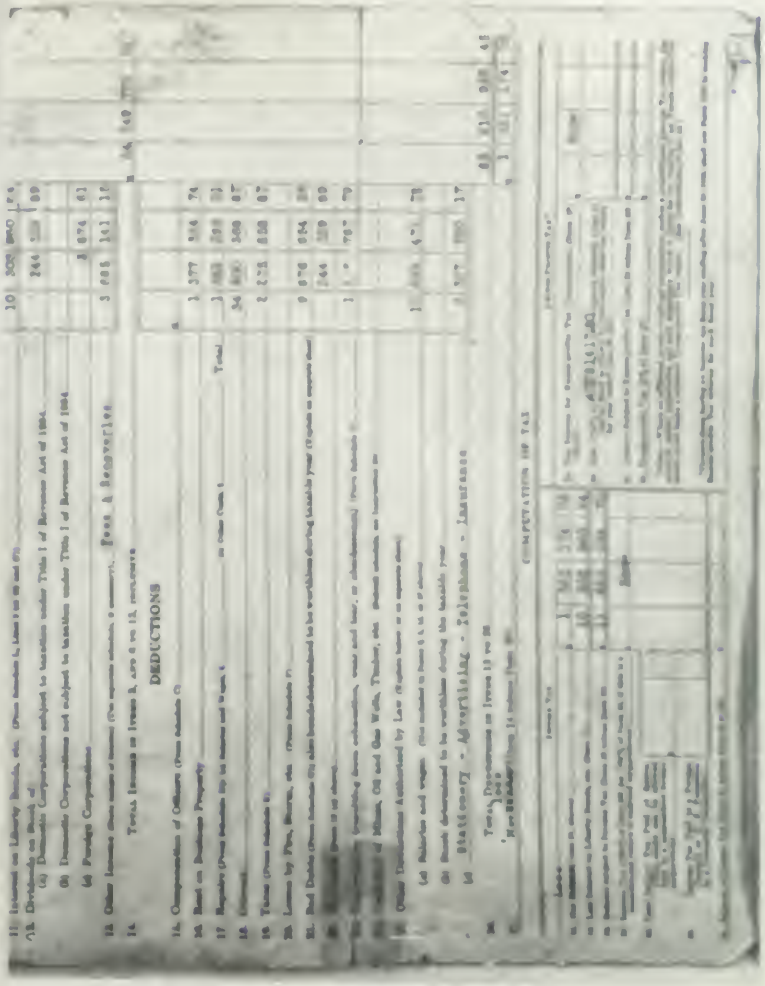

2/4.

OFFICE OF THE COLLECTOR
FIRST DISTRICT OF CALIFORNIA

IN REPLYING REFER TO

TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

SAN FRANCISCO, CALIF.

March 9th 1935.

Bank of America N. T. & S. A.?
460 California St.,
San Francisco.

Sir or Madam:-

Receipt is acknowledged of your letter of recent date requesting for the reasons therein given, extension of time within which to file your return of income for the calendar year 1934.

PROVIDED A TENTATIVE RETURN IS FILED WITH THE COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT ON OR BEFORE March 15, 1935 AND PAYMENT MADE AT THAT TIME OF AT LEAST ONE-FOURTH OF THE TOTAL ESTIMATED TAX SHOWN THEREON TO BE DUE, you are hereby granted an extension of time to May 15, 1935

Any deficiency in the first installment of tax will bear interest at the rate of one-half of one per cent a month from the original due date.

By a "tentative return" is meant a return on the appropriate income tax form, showing only the name and address of taxpayer and the estimated amount, if any, of the tax due. The items and schedules shown on the form need not be filled in.

This letter, or a copy thereof, must be attached to the tentative and completed returns as authority for the extension of time herein granted. The completed return when filed should be plainly marked "completed return".

Respectfully,

GUY T. HELVERING, Commissioner,

By John V. Lewis
Collector.

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11. Interest on Liberty Bonds, etc. (From Schedule 4, Items 3 (a) (b) and (c))	10 303 860 64
12. Dividends on Stock of:	
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934	244 329 89
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934	
(c) Foreign Corporations	3 674 81
13. Other Income (State nature of income) (Use separate schedule, if necessary) Fees & Recoveries	3 685 141 15
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE	64 249 778 39

DEDUCTIONS

15. Compensation of Officers (From Schedule 7)	
16. Rent on Business Property	1 377 324 74
17. Repairs (From Schedule 10): (a) Salaries and Wages, $; (b) Other Costs, $; Total	1 362 296 01
18. Interest	34 900 368 87
19. Taxes (From Schedule 8)	2 225 658 87
20. Losses by Fire, Storm, etc. (From Schedule 9)	
21. Bad Debts (From Schedule 10) also bonds determined to be worthless during taxable year (Explain on separate sheet)	9 876 954 33
22. [illegible] (From 12 (a) above)	244 329 89
23. Depreciation (omitting form exhaustion, wear and tear, or obsolescence) (From Schedule 11)	1 [illegible] 767 79
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24)	
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):	
(a) Salaries and wages. (Not included in Items 2, 4, 16 or 17 above)	10 699 472 78
(b) Stock determined to be worthless during the taxable year	
(c) Stationery - Advertising - Telephone - Insurance	3 327 780 17
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25	86 610 962 45
27. NET INCOME (Item 14 minus Item 26)	1 361 174 08

COMPUTATION OF TAX

Income Tax	
28. Net Income (Item 27, above)	1 361 174 08
29. Less Interest on Liberty Bonds, etc. (Item 11)	10 303 860 64
30. Balance subject to Income Tax (Item 28 minus Item 29)	11 665 034 72
31. Income Tax (14% of Item 30) for 1934 (14% of Item 30, if this is a consolidated return of railroad corporations)	None
32. Less: Income Tax Paid at Source, or paid on behalf of taxpayer (if paid only by a consolidated income corporation)	
33. Income Tax Paid in a Foreign Country or in a Possession of the U. S. by a Domestic Corporation	
34. Balance of Income Tax (Item 31 minus Item 32 or 33)	

Excess Profits Tax*	
35. Net Income for Excess-profits Tax Computation (Item 27, above)	None
36. Less 12½% of $4,026,141,760 (limited declared value of capital stock as shown in your capital-stock tax return for the calendar year 1934)	
37. Amount Subject to Excess-profits Tax (Item 35 minus Item 36)	
38. Excess-profits Tax (15% of Item 37)	

Note — Where an affiliated group of railroad corporations make a consolidated Income Tax return, the amount of Excess-profits Tax shown on the consolidated return must be allocated to each member of the group and each member must make a separate Excess-profits Tax return. (See Instructions 33 and 41.)

*Corporations having a business fiscal year ending after June 30, 1934, shall use Form 1121 in making Excess-profits Tax returns for such fiscal year.

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Schedule C-1
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

ANNUAL INFORMATION BY CORPORATIONS

Compensation of Officers and Employees in Excess of $15,000

FOR CALENDAR YEAR 1934

Or fiscal year begun _____, *1934, and ended* _____, *1935*

This schedule must be filed in duplicate with and as part of the corporation's income tax return for the taxable year.

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION (Name)

#1 POWELL STREET (Street and number)

SAN FRANCISCO, CALIFORNIA (Post office and State)

(Date received)

INSTRUCTIONS

Every corporation subject to income tax under the Revenue Act of 1934 shall use this schedule for listing the names and addresses of all officers and employees of such corporation and the respective amounts paid to them during the taxable year of the corporation by the corporation as salary, commission, bonus, or other compensation for personal services rendered, if the aggregate amount so paid to the individual is in excess of $15,000. (See sec. 148(d) of the Revenue Act of 1934.) The term "paid" as used in these instructions means "paid or accrued" or "paid or incurred", which shall be construed according to the method of accounting upon the basis of which the net income of the corporation is computed.

1. NAME AND ADDRESS OF OFFICER OR EMPLOYEE	2. POSITION OR TITLE	PERCENTAGE OF CORPORATION'S STOCK OWNED: 3. Common	4. Preferred	AMOUNT OF COMPENSATION PAID: 5. Salary	6. Commission	7. Bonus	8. Other Compensation	9. Total
Arthur Reynolds 1 Powell Street	Vice-Chairman of Board of Directors	.....		39,999.84				39,999.84
L. M. Giannini 1 Powell Street	Senior Vice-President	.....		19,999.92				19,999.92
. E. Blauer 1 Powell Street	Vice-President	.....		18,000.00				18,000.00
A. P. Sbarboro 1 Powell Street	Vice-President	.....		19,999.92				19,999.92
Dr. A. H. Giannini 7th & Spring Sts. Los Angeles.	Chairman of General Executive Committee	.....		32,222.28				32,222.28
TOTALS				150,221.96				150,221.96

(Continue list, if necessary, on reverse side)

NOTE.—If the full time of any officer or employee whose name appears above was not devoted to the corporation's business, the percentage of time devoted to the corporation's business must be stated above.

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10. Interest on Liquidation Bonds, etc. (From schedule L, Lines 3 (a) (b) and (c))	10 303 860 64	
11. Interest on Liberty Bonds, etc. (From schedule L, Lines 3 (a) (b) and (c))	244 329 89	
12. Dividends on Stock of:		
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934		
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934	$ 674 61	
(c) Foreign Corporations		
13. Other Income (State nature of income) (Use separate schedule, if necessary) Fees & Recoveries	3 686 141 16	
14. TOTAL INCOME (Items 2, AND 6 TO 13, INCLUSIVE)		$ 64 249 778 39

DEDUCTIONS

15. Compensation of Officers (From schedule C)	1 377 324 74	
16. Rent on Business Property	1 382 296 01	
17. Repairs (From schedule D): (a) Salaries and Wages, $ ..... (b) Other Costs, $ ..... Total	34 900 368 87	
18. Interest	2 275 658 87	
19. Taxes (From schedule E)		
20. Losses by Fire, Storm, etc. (From schedule F)	9 876 954 33	
21. Bad Debts (From schedule G); also bonds determined to be worthless during taxable year (Explain on separate sheet)	244 329 89	
22. [illegible] (Item 13 (a) above)	1 [illegible] 787 79	
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From schedule D)		
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24)		
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):	10 699 472 78	
(a) Salaries and wages. (Not included in Items 4, 5, 15, or 17 above)		
(b) Stock determined to be worthless during the taxable year		
(c) Stationery - Advertising - Telephone - Insurance	3 327 760 17	
26. TOTAL DEDUCTIONS (Item 14 minus Item 26)		65 610 962 45
27. NET INCOME		$ 1 361 174 06

COMPUTATION OF TAX

INCOME TAX		
28. Net Income (Item 27, above)	$ 1 361 174 06	
29. Less Interest on Liberty Bonds, etc. (Item 11)	10 303 860 64	
30. Balance subject to Income Tax (Item 28 minus Item 29)	11 665 034 70	
31. Income Tax (12½% of Item 30) for 1934% of Item 30, if this is a consolidated return of affiliated corporations)	None	
32. Less: Income Tax Paid at Source, Tax Paid at Source (Attach statement)		
33. Income Tax Paid by a Foreign Corporation		
34. Balance of Income Tax (Item 31 minus Items 32 or 33)		

EXCESS PROFITS TAX*	
35. Net Income for Excess-profits Tax Computation (Item 27, above)	None
36. Less 12½% of $6028141.70 (Interest deducted prior to of capital stock as shown in your capital stock tax return for year ended June 30, 1934)	
37. Amount Subject to Excess-profits Tax (Item 35 minus Item 36)	
38. Excess-profits Tax (8% of Item 37)	

NOTE.—Where an affiliated group of affiliated corporations makes a consolidated Income Tax return, the common parent corporation and each subsidiary which is liable for the making of an Excess-profits Tax return must make a separate Excess-profits Tax return. (See Instructions 34 and 41.)

*Corporations having an income-tax fiscal year ending after June 30, 1934, shall use Form 1120 in making Excess-profits Tax return for such fiscal year.

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COMPLETED RETURN — DUPLICATE

RETURN FORM MARKED "DUPLICATE" MUST BE FILED WITH THIS ORIGINAL RETURN

Form 1120
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
(Auditor's Stamp)

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN
For Calendar Year 1935

or Fiscal Year begun ....., 1935, and ended ....., 1936

Page 1 of Return

File Code

Serial Number 858 1

District

(Cashier's Stamp)

Cash | Check | M. O. | Cert. of Ind.

First Payment $

CLOSED
No Additional Tax
Date of RAR.
Auditor
Div. Sec. Unit
Date
Reviewer

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

Bank of America N.T. & S.A.
(Name)
#1 Powell Street,
(Street and number)
San Francisco, California.
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled in Irrespective of Any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation March 1, 1927

Under the Laws of what State or Country U.S.A.

The Corporation's Books are in Care of ..... Located at .....

Principal Business (In Detail) Banking (Also check industrial division on page 2) — Is This a Consolidated Return of Railroad Corporations? No — If so, of How Many Corporations? .....

If a Foreign Corporation, State Whether Resident or Nonresident — ; if Nonresident, State Amount of Income Excluded (Instruction 33) From Gross Income, $ —

Is the Corporation a Personal Holding Company Within the Meaning of Section 351 of the Revenue Act of 1934? No (Answer "Yes" or "No") (If so, an additional return on Form 1120 H must be filed.)

ATTACH REMITTANCE HERE

GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), $ ..... Less Returns and Allowances, $ ..... ; Net Sales								
2. Less Cost of Goods Sold:								
(a) Inventory at beginning of year								
(b) Material or merchandise bought for manufacture or sale								
(c) Miscellaneous costs (From Schedule A, Column 1): (1) Salaries and wages, $ ..... ; (2) Other costs, $ ..... ; Total								
(d) Total of lines (a), (b), and (c)								
(e) Less inventory at end of year								
3. Gross Profit from Sales (Item 1 minus Item 2)								
4. Gross Receipts (where inventories are not an income-determining factor) properties		203	394	52				
5. Less cost of operations (From Schedule A, Column 2): (a) Salaries and wages, $ ..... ; (b) Other costs, $ ..... ; Total		218	286	05				
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5)			14	871	63	Loss		
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc.	43	113	281	56				
[illegible]	1	911	116	31				
[illegible]								
[illegible]	6	003	246	75				
11. Interest on Liberty Bonds, etc. (From Schedule L, Lines 5 (a) (6) and (7))	10	303	660	64				
12. Dividends on Stock of:								
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934		244	329	89				
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934								
(c) Foreign Corporations		3	674	61				
13. Other Income (State nature of income) (Use separate schedule, if necessary) Fees & Recoveries	3	685	141	15				
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE					$ 64	249	778	39

DEDUCTIONS

15. Compensation of Officers (From Schedule C)								
16. Rent on Business Property	1	377	324	74				
17. Repairs (From Schedule D): (a) Salaries and Wages, $ ..... ; (b) Other Costs, $ ..... ; Total	1	362	295	01				
18. Interest	34	900	368	87				
19. Taxes (From Schedule E)	2	275	658	87				
20. Losses by Fire, Storm, etc. (From Schedule F)								
21. Bad Debts (From Schedule G); also bonds determined to be worthless during taxable year (Explain on separate sheet)	9	876	954	33				
22. [illegible] (Item 12 (a) above)		244	329	89				
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule H)	1	[illegible]	787	79				
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 34)								
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):								
(a) Salaries and wages. (Not included in Items 2, 5, 15, or 17 above)	10	899	472	78				
(b) Stock determined to be worthless during the taxable year								
(c) Stationery - Advertising - Telephone - Insurance	3	327	780	17				
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25					65	610	952	45
27. NET ~~INCOME~~ loss (Item 14 minus Item 26)					$ 1	361	174	06

COMPUTATION OF TAX

INCOME TAX					EXCESS-PROFITS TAX*			
28. Net ~~Income~~ Loss (Item 27, above)	$ 1	361	174	06	35. Net Income for Excess-profit Tax Computation (Item 27, above)		None	
29. Less Interest on Liberty Bonds, etc. (Item 11)	10	303	660	64	36. Less 12½% of $ 402814176.60 adjusted declared value of capital stock as shown in your capital-stock tax return for year ended June 30, 1935			
30. Balance subject to Income Tax (Item 28 minus Item 29)	11	665	034	70	37. Amount Subject to Excess-profit Tax (Item 35 minus Item 36)			
31. Income Tax (13½% of Item 30) for 13½% of Item 30, if this is a consolidated return of railroad corporations)		None			38. Excess-profit Tax (8% of Item 37)			
32. Less: Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation)								
33. Income Tax Paid to a Foreign Country or U. S. Possession by a Domestic Corporation								
34. Balance of Income Tax (Item 31 minus Item 32 or 33)								

NOTE.—Where an affiliated group of railroad corporations makes a consolidated income tax return, the common parent corporation and each subsidiary which is liable for the making of an Excess-profits Tax return must make a separate Excess-profits Tax return. (See Instructions 30 and 41.)

*Corporations having a income-tax fiscal year ending after June 30, 1935, shall use Form 1121 in making Excess-profit Tax returns for such fiscal year.

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SCHEDULE K BALANCE SHEETS (See Instruction 12)

Items	Beginning of Taxable Year Amount	Beginning of Taxable Year Total	End of Taxable Year Amount	End of Taxable Year Total
ASSETS				
1. Cash.				
(a) Demand deposits, including checks	$ 81 445 818 83		$ 82 711 543 48	
(b) Time deposits, including certificates of deposit	2 275 000 00		1 001 000 00	
(c) All other cash	33 609 165 91	$ 117 329 984 74	28 159 421 07	$ 111 871 964 55
2. Notes receivable				
3. Accounts receivable	$		$	
(a) Less reserve for bad debts				
4. Inventories:				
(a) Raw materials	$		$	
(b) Work in process				
(c) Finished goods				
(d) Supplies				
5. Investments (nontaxable)				
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions	$ 93 804 447 23		$ 92 389 857 92	
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended	6 520 350 63		2 503 326 34	
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917	1 026 975 87		-	
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness	55 602 007 49		84 971 441 96	
(e) Liberty 4% and 4¼% Bonds, United States Savings Bonds, and Treasury Bonds	237 270 824 27		336 397 478 30	
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in line (b) above)	61 058 523 54	455 283 129 03	64 609 060 55	580 871 185 07
6. Other investments				
(a) Stocks of domestic corporations	$ 9 672 459 59		$ 11 325 845 74	
(b) Bonds of domestic corporations	11 482 164 39		28 773 735 45	
(c) Stocks and bonds of foreign corporations	2 840 991 75		4 641 111 22	
(d) All other investments or loans	460 701 665 81	484 697 281 54	449 413 607 96	494 159 300 39
7. Deferred charges:				
(a) Prepaid insurance	$ 209 331 80		$ 204 464 20	
(b) Prepaid taxes	22 500 00		13 082 00	
(c) All other	410 110 18	641 941 78	362 241 19	579 767 39
8. Capital assets:				
(a) Buildings	$ 28 285 098 43		$ 27 779 054 53	
(b) Furniture and fixtures	5 232 704 07		4 792 174 43	
(c) Banking apparatus	12 759 44		16 442 84	
(d) Other depreciable assets	2 914 603 12		2 849 347 36	
(f) Total of Lines (a) to (e)	$ 36 451 356 49		$ 35 439 580 21	
(g) Less reserves for depreciation		36 451 356 49	-	35 439 580 21
(h) Depletable assets	$		$	
(i) Less reserves for depletion				
(j) Land		11 134 123 24		9 838 721 12
9. Patents				
10. Good will				
11. Other assets (describe fully):				
Federal Deposit Insurance	$ 1 130 803 71		$ 849 509 57	
Interest Receivable	6 075 655 98		6 388 063 52	
Suspense Resources & Br. Clgs.	16 079 261 71	24 285 721 40	27 383 481 52	34 621 054 71
12. Total Assets		$ 1,129 823 538 22		$ 1,267 181 553 44
LIABILITIES				
13. Notes payable (less than 1 year)		$		$
14. Accounts payable — Deposits		977 563 704 95		1,153 263 178 51
15. Bonds and notes (not secured by mortgage) — Drivulation		45 600 000 00		
16. Mortgages (including bonds and notes so secured)				
17. Accrued expenses:				
(a) Interest	$ 1 180 503 12		$ 552 021 51	
(b) Taxes				
(c) All other	55 784 01	1 216 287 13	903 845 34	1 455 866 85
18. Other liabilities (describe fully):				
Suspense Liabilities	$ 3 066 516 36		$ 4 980 429 64	
Reserves	5 462 889 20	8 529 205 56	6 614 771 91	11 595 201 55
19. Capital stock:				
(a) Preferred stock (less stock in treasury)	$		$	
(b) Common stock (less stock in treasury)		50 000 000 00		50 000 000 00
20. Surplus	$ 30 000 000 00		$ 32 500 000 00	
21. Undivided profits	17 014 340 58	47 014 340 58	18 367 306 53	50 867 306 53
22. Total Liabilities		$ 1,129 823 538 22		$ 1,267 181 553 44

Remarks:

Personal Property
Furniture and fixtures
Auto and Addressograph
Safe Deposit Vaults

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

Line				
1. Net income subject to tax (Item 30, page 1 of return)	11	665	034	70
2. Nontaxable income:				
(a) Interest on: Joint Stock Land Bank notes		- 38	347	19
(1) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions	4	418	365	21
(2) Obligations issued under Federal Farm Loan Act, or under such Act as amended		200	590	61
(3) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917		90	574	06
(4) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness		951	197	55
(5) Liberty 4% and 4¼% Bonds, United States Savings Bonds, and Treasury Bonds owned in the principal amount of $5,000 and under			212	50
(6) Liberty 4% and 4¼% Bonds, United States Savings Bonds, and Treasury Bonds owned in the principal amount of over $5,000	8	618	864	68
(7) Obligations of instrumentalities of the United States (other than those to be reported in Line 9 (c) (2) above)	1	564	995	96
(8) Dividends deductible under Section 25 (p) of the Revenue Act of 1934		244	329	89
(9) [illegible] 1934 P/L Adjustment		12	257	17
(d) Other items of nontaxable income (to be detailed):				
(1) Write up - I/O Banks		20	480	63
(2) Adjustment Capital Assets sold	1	016	607	25
(3) Depreciation		487	899	41
3. Charges against reserve for bad debts, if Item 21, page 1 of return, is not an adjusted bad debt reserve. Transfers		809	870	19
4. Charges against reserve for contingencies, etc. (to be detailed): Pension Fund		25	437	85
(a) Taxes	2	161	079	26
(b) Losses		8	017	14
5. Total of Lines 1 to 4, inclusive	9	124	092	05
6. Total from Line 28	3	485	756	86
7. Net profit or loss for year, as shown by books, before any adjustments are made thereto (Line 5 minus Line 6) (if loss, indicate)	5	638	335	19
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	47	014	340	58
9. Other credits to surplus (to be detailed):				
(a) Transfers from Reserves	9	751	745	30
(b) Adjustment Profit & Loss 1/3/36		1	616	61
10. Total of Lines 7 to 9, inclusive	62	406	037	68
11. Total from Line 17	11	538	731	15
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	50	867	306	53

Line				
13. Unallowable deductions:				
(a) Donations, gratuities, and contributions		53	189	96
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in whole or in part in Item 23, page 1 of the return				
Write down - I/O Banks		2	337	00
(c) Federal taxes paid on tax-free government bonds				
(d) Special improvement taxes tending to increase the value of the property assessed				
(e) Furniture and fixtures, additions, or betterments treated as expense on the books				
Discount earned - P.C.M. Co. Notes		2	753	07
(f) Replacements and renewals				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 21, page 1 of return				
(j) Additions to reserve for contingencies, etc. (to be detailed):				
(1) Taxes	2	021	653	60
(2) Transfers		70	526	41
(3) Adjustment Cap. Stock Tax		9	438	00
(k) Other unallowable deductions (to be detailed):				
(1) Federal Deposit Insurance		282	742	02
(2) Chatom Ranch P/L		12	228	96
(3) Adj. Cost Cap. Assets sold	1	030	877	80
14. Total of Line 13	3	485	756	86
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):				
(a) Date paid 3/12/35 Character Cash	1	250	000	00
(b) Date paid 6/11/35 Character "	1	250	000	00
(c) Date paid 9/11/35 Character "	1	250	000	00
(d) Date paid 12/10/35 Character "	2	250	000	00
16. Other debits to surplus (to be detailed):				
(a) Transfers to reserves	5	538	731	15
(b)				
(c)				
17. Total of Lines 15 and 16	11	538	731	15

NATURE OF BUSINESS

1. Check the block to indicate the industrial division in which the corporation's main income-producing business falls:

MANUFACTURING

Food and kindred products:
- [ ] Bakery and confectionery products.
- [ ] Canned products—fish, fruit, vegetables, etc.
- [ ] Mill products—bran, flour, feed.
- [ ] Packing-house products—meats, lard; slaughtering.
- [ ] Sugar—beet, cane, maple, molasses, etc
- [ ] Other food products—butter substitutes, cereals, coffee, spices, dairy products, ice, etc.
- [ ] Beverages, soft drinks, mineral water
- [ ] Brewing and distilling—alcohol, liquors, beer, malt extract, wines.
- [ ] Tobacco products.

Textiles:
- [ ] Cotton goods—dress goods, etc.; napping, dyeing
- [ ] Woolen and worsted goods—dress goods, etc.; wool pulling, scouring
- [ ] Silk and rayon goods—dress goods, thrown silk, etc.; spinning, warping
- [ ] Carpets, floor coverings, tapestries, linoleum.
- [ ] Other textiles—cord, felt, fur, linen, artificial leather, surgical textiles, etc.
- [ ] Clothing—custom-made, factory-made, underwear, millinery, etc
- [ ] Knit goods—sweaters, hosiery, etc.
- [ ] Leather boots, shoes, slippers, etc
- [ ] Other leather products—saddlery, harness, trunks, finishing, tanning
- [ ] Rubber [illegible] products
- [ ] Other rubber products—boots, shoes, hose, artificial rubber
- [ ] Bone, celluloid and ivory products
- [ ] Sawmill and planing mill products
- [ ] Furniture (not metal).
- [ ] Other wood products—carriages, wagons, baskets, etc
- [ ] Paper, pulp and products
- [ ] Printing, publishing, and allied industries
- [ ] Petroleum and other mineral oil refining and products
- [ ] Chemicals proper, acids, compounds, coal tar products, etc
- [ ] Allied chemical substances, drugs, oils, soaps, etc.
- [ ] Paints, pigments, varnishes, etc
- [ ] Fertilizers
- [ ] Stone, clay, glass, and related products

Metal products and processes:
- [ ] Iron and steel—products of blast furnaces, rolling mills, foundries
- [ ] Locomotives and railroad equipment.
- [ ] Motor vehicles, complete or parts

MANUFACTURING—(Continued)

Metal products and processes—Continued
- [ ] Machinery—factory, used in producing food, leather, metal, paper, printing, rubber, stone, clay, glass, textile and wood products.
- [ ] Machinery—agricultural and equipment.
- [ ] Machinery—electrical and equipment.
- [ ] Machinery—other, building, construction, gas and mining machinery and equipment.
- [ ] Household equipment—metal furniture, refrigerators, sewing machines, etc.
- [ ] Office equipment.
- [ ] Metal building material and equipment
- [ ] Hardware, tools, etc.
- [ ] Precious metal, products and processes
- [ ] Other metals, products and processes

Miscellaneous manufacturing:
- [ ] Radios, complete or parts
- [ ] Musical, professional, and scientific instruments; optical goods, small boats.
- [ ] Airplanes, airships, seaplanes, parts.

NONMANUFACTURING

Trade:
- [ ] Wholesale.
- [ ] Retail.
- [ ] Wholesale and retail.
- [ ] Commission.
- [ ] Other trade—repair service, garages, etc.

Finance:
- [ ] Banks—national, State, private, savings, joint-stock land banks.
- [ ] Stock and bond brokers, investment bankers or brokers.
- [ ] Real estate, realty holding, real estate agents.
- [ ] Insurance companies (not agents)
- [ ] Investment trusts, stock syndicates, stock holding companies.
- [ ] Other finance—loan companies, building and loan associations, note, mortgage or pawn brokers, insurance agents
- [ ] Agriculture and related industries, including fishing, forestry, ice-harvesting; leasing such properties
- [ ] Mining and quarrying, including gas and oil wells, leasing such properties.
- [ ] Construction—excavations, bridges, buildings railroads, ships, equipping and installing systems
- [ ] Transportation—rail, water, aerial, motor, etc., leasing such facilities
- [ ] Storage—cold storage, grain elevators, warehouses, safe-deposit vaults, etc.
- [ ] Public utilities—electric light or power, gas (artificial or natural); pipe lines, telegraph, telephone, radio, waterworks, heat supply, toll bridges, etc., leasing such utilities
- [ ] Service—professional, business, amusement, domestic and all other

AFFILIATIONS WITH OTHER CORPORATIONS (See Instruction 35)

2. Is this a consolidated return? No If so, procure from the collector of internal revenue for your district Form 851, Affiliations Schedule, which shall be filed in, sworn to, and filed as a part of this return.

3. Was the income of this corporation included in a consolidated return for the prior year? No

If so, give name of corporation which filed the consolidated return.

PREDECESSOR BUSINESS

4. Did the corporation file a return under the same name for the preceding taxable year? Yes Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? Yes If answer is "yes", give name and address of each predecessor business, and the date of the change in entity.

Name changed from Bank of Italy N.T. & S.A. 11/1/30

Upon such change were any asset values increased or decreased? No If the answer is "yes", closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

5. Is this return made on the basis of cash receipts and disbursements? No

If not, describe fully what other basis or method was used in computing net income. Accrual

VALUATION OF INVENTORIES

6. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock

PREPARATION OF RETURN (See Instruction 47)

7. Did any person or persons advise the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? Yes (Answer yes or no) If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received and the items and schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons. Prepared by C. H. Neill, S.F. from Statements furnished by us

INFORMATION RETURN

8. Did the corporation make a return of information on Forms 1096 and 1099 (see Instruction 31) for the calendar year 1935? Yes (Answer yes or no)

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return

Schedule "H" - Dividends earned

Letter - Granting Extension of time

Schedule "C" --- Compensation in excess of $15,000.

E—10025

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SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 8 (c))	Items	Amount (Enter as Item 8)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—CAPITAL GAINS AND LOSSES (FROM SALES OR EXCHANGES ONLY) (See Instruction 10)

1. Description of Property	2. Date Acquired (Mo. Day Year)	3. Date Sold (Mo. Day Year)	4. Gross Sales Price (Contract price)	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements After Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913 (Furnish details)	9. Gain or Loss
Bonds			$389,431,236.88	383,245,961.23	-	$ -	$ -	$6,185,275.65
" (Foreign)			60,474,955.17	60,574,334.25	-	-	-	99,379.08
Bank Premises			258,565.30	277,352.14	-	-	24,951.25	6,164.41
Real Estate			4,402,005.28	5,519,350.90	-	20,584.76	48,418.98	1,089,581.40
Autos			743.18	4,895.00	-	-	4,889.00	737.18
Total			$424,567,505.81	419,621,903.52		20,584.76	78,259.23	5,003,246.76

Gain or Loss (enter net amount as Item 10) (capital losses are allowable only to the extent of $2,000 plus capital gains) $

State (1) how property was acquired Cash; (2) whether at time of sale or exchange purchaser owned more than 50% in value of your outstanding stock No

Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other nontaxable dividends, stock rights, etc.).

Cost of property must be entered in column 5 if a loss is claimed in column 9.

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 15)

1. Name and Address of Officers	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 16)
					$

Note: Schedule C-1 IN DUPLICATE also must be filed with this return if compensation in excess of $15,000 was paid to any officer or employee.

SCHEDULE D—COST OF REPAIRS (See Instruction 17)

1. Items	2. Amount (Enter as Item 17)
Salaries and wages Buildings	$1,282,167.95
Other costs Furniture	80,127.06
Total	1,362,295.01

SCHEDULE E—TAXES PAID (See Instruction 19)

City & County	Real Estate	1,761,664.14
Federal	Silver	118,717.27
Federal	Capital stock	40,320.00
"	Circulation	229,801.57
	Examination	122,331.73
State	Franchise	194.60
	Miscellaneous	8,823.57
	Total	2,275,658.87

SCHEDULE F—EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC. (See Instruction 20)

1. Kind of Property	2. Date Acquired	3. Cost	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 20)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 21)

1. Year	2. Net Income	3. Sales on Account	4. Bad Debts
	Loans		8,642,075.23
	Accrued Interest		861,773.63
1931	Stock & Bonds		21,235.76
1932	Checks		21,271.73
1933	Silver		107,073.39
1934	Cash		57,580.14
1935	Miscellaneous		152,945.45
	Total		9,864,954.33

SCHEDULE H—INCOME FROM DIVIDENDS (See Instruction 12)

Itemize below all dividends received during the year, stating the amount and the name and address of the corporation which declared the dividend:

See - list - attached

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 23)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Cost or March 1, 1913 Value if Acquired Prior to That Date (Indicate basis)	4. Assets Fully Depreciated in Use at End of Year	5. Depreciation Allowed (or Allowable) in Prior Years	6. Remaining Cost or Other Basis to Be Recovered	7. Life Used in Accumulating Depreciation	8. Estimated Remaining Life from Beginning of Year	9. Depreciation Allowable This Year
Bank premises		19,688,523.75	$ -	5,139,132.71	14,549,391.04	-	-	597,320.53
Safe Deposit		3,500,556.63	-	612,862.14	2,887,694.49	-	-	75,973.40
Furniture & Fixt.		11,941,599.19	-	7,646,187.62	4,295,411.57	-	-	836,513.30
Auto Equipment		64,325.97	-	42,022.17	22,303.80	-	-	5,418.77
Addressograph		24,801.19	-	18,000.00	6,801.19	-	-	5,000.00
Improvements - O.R.E.		675,276.84	-	12,739.88	662,537.18	-	-	24,841.69
Totals		35,895,083.57		13,470,944.32	22,424,139.25			1,548,767.79

AFFIDAVIT (See Instruction 46)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return (including its accompanying schedules and statements, if any) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this 14 day of April, 1936

NOTARIAL SEAL — (Signature of officer administering oath) (Title) — CORPORATE SEAL — (President or other principal officer) (State title) — (Treasurer, Assistant Treasurer, or Chief Accounting Officer) (State title)

AFFIDAVIT (See Instruction 47)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this 14 day of April, 1936

NOTARIAL SEAL — (Signature of officer administering oath) — Notary Public in and for the City and County of San Francisco, State of California (Title) — (Signature of person preparing the return) — (Signature of person preparing the return) — San Francisco (Name of firm or employer, if any)

MY COMMISSION EXPIRES NOV. 22, 1939

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BANK OF AMERICA N.T. & S.A.

List of Dividends Received 1935

Corporation	Address	Amount
American Tel. & Tel. Co.	N.Y.	$ 211.50
Anglo Cal. Natl. Bank	S.F.	240.00
Bancamerica Blair Corp.	N.Y.	87.00
Barnsdall Corp.	N.Y.	2.00
Borden Co.	N.Y.	21.60
Byron Jackson Co.	S.F.	472.50
Cal. Edison	L.A.	7.50
Cal. Foundries Inc.	Oakland	11,998.50
Cal. Ore. Power Co. Pfd.	S.F.	11.25
Cal. Wine Assn.	S.F.	60.00
Caterpiller Tractor	San Leandro	75.00
Central Impr. Co. of	San Jose	1,050.00
Chapman Ice Cream Co.	L.A.	645.00
Cons. Oil Corp.	N.Y.	607.20
Cons. Royalty Oil Co.	Casper, Wyo.	175.40
Fleiner Oil Co.	Fresno	2.00
Federal Reserve Bank of	S.F.	158,149.50
Filtrol Co.	L.A.	16,910.75
Fireman's Fund Ins. Co.	S.F.	6,800.00
First Natl. Bank of Portland	Oregon	1,238.00
First Natl. Corp. of Portland	"	4,100.00
Ford Motor Co.		209.00
General Motors Corp.	N.Y.	90.00
Hall Assoc. N.S.C.W.	S.F.	20.82
Honolulu Oil Corp.	S.F.	15.00
Leslie Cal. Salt	S.F.	14.00
Lodi Investment Co.	Lodi	1,248.00
Mayfair Invt.	L.A.	1,500.00
Medical Dental Bldg. Co.	S.F.	100.00
Merchants Exchange	S.F.	15.00
Merchants Natl. Realty Corp.	S.F.	21,936.00
Monterey Co. Trust & Sav. Bank	Salinas, Cal.	4.00
Natl. Biscuit Co.	N.Y.	20.00
Natl. City Bank	N.Y.	1,920.50
Newmount Mining Co.	Grass Valley	55.00
No. Warehouse Co.	Chico	64.30
Ohio Oil	Findley, Ohio	4.20
Olympic Dredging Co.	S.F.	45.00
Pac. Gas. & Elec. Co. Com.	S.F.	38.76
Pac. Indemnity Co.	L.A.	7.80
Pac. Lighting Co.	S.F.	6.00
Pac. Public Service	S.F.	.40
Pac. American Fisheries	S.F.	2.50
Salt Creek Prod. Ass'n.	Denver, Colo.	48.00
Sears Roebuck	Chicago	30.00
So. Title & Trust Co.	San Diego	56.70
Standard Oil Co. of Cal.	S.F.	100.00
Transamerica Corp.	S.F.	2,528.75
Utica Knitting Co.	N.Y.	189.00
West End Chemical Co. pfd.	Oakland, Cal.	11,013.66
Westinghouse Elec.	N.Y.	28.50
Union Carbide & Carbon Co.	N.Y.	10.80
U.S. Elec. Light & Power Co.	Chicago	.30
Wilson & Co.	N.Y.	147.50
Total		$244,329.69

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9. Less guarantees by I.C.C. on bonds sold				1	065	163	43
10. Capital Gain or Loss (From Schedule D)				7	362	893	43
11. Interest on Liberty Bonds, etc. (From Schedule J)					183	362	72
12. Dividends on Stock of:						-	
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934					3	653	40
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934					3	374	428 48
(c) Foreign Corporations							
13. Other Income (State nature of income) (Use separate schedule, if necessary)							
14. Total Income in Items 3, and 6 to 13, inclusive				54	004	387	87
DEDUCTIONS							
15. Compensation of Officers (From Schedule C)				1	393	717	67
16. Rent on Business Property				1	023	501	16
17. Repairs (From Schedule D): (a) Salaries and Wages, $; (b) Other Costs, $; Total				32	501	124	88
18. Interest				2	046	210	56
19. Taxes (From Schedule E)							
20. Losses by Fire, Storm, etc. (From Schedule F)				8	896	347	18
21. Bad Debts (From Schedule G)					183	362	72
22. Dividends (Item 12 (a) above)				1	042	820	09
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)							
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24)							
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):				10	245	397	87
(a) Salaries and wages. (Not included in Items 3, 6, 15, or 17 above)				2	999	436	67
(b)							
26. Total Deductions in Items 15 to 25				60	331	017	68
27. Net Income (Item 14 minus Item 26)	Loss			6	326	629	71

COMPUTATION OF TAX

Income Tax				Excess-Profits Tax			
28. Net Income (Item 27, above)	Loss	6	326	629	71	28. Net Income for Excess-profits Tax Computation (Item 27, above)	None
29. Less interest on Liberty Bonds, etc. (Item 11)		7	362	893	43		
30. Balance subject to Income Tax (Item 28 minus Item 29)		13	689	523	14	29. Less: 12½% of $ 45,000,000 of capital stock or capital in your multiplied by your multiplied tax return for year	
31. Income Tax (12½% of Item 30) (or 15½% of Item 30, if this is a consolidated return of railroad corporations)						30. Balance subject to Excess-profits Tax (Item 28 minus Item 29)	
32. Less: Income Tax Paid or Accrued (This credit can be allowed only to domestic corporations)						31. Amount Subject to Excess-profits Tax (Item 30 minus Item 30)	
33. Income Tax Paid to a Foreign Country or U.S. Possession by a Domestic Corporation						32. Excess-profits Tax (6% of Item 31)	
34. Balance of Income Tax (Item 31 minus Items 32 and 33)						NOTE.—Excess-profits Tax must be paid by domestic corporations only. Railroad corporations filing a consolidated Income Tax return, etc.	

COPY

TREASURY DEPARTMENT

Internal Revenue Service

San Francisco, Cal.

March 14, 1936

Office of the Collector
First District of California
in replying refer to

Bank of America,
San Francisco, Calif.

Sirs:-

Receipt is acknowledged of your letter of recent date requesting for the reasons therein given, extension of time within which to file your return of income for the calendar year 1935.

PROVIDED A TENTATIVE RETURN IS FILED WITH THE COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT ON OR BEFORE MARCH 18, 1936 AND PAYMENT MADE AT THAT TIME OF AT LEAST ONE-FOURTH OF THE TOTAL ESTIMATED TAX SHOWN THEREON TO BE DUE, you are hereby granted an extension of time to May 15, 1936.

Any deficiency in the first installment of tax will bear interest at the rate of one-half of one per cent a month from the original due date.

By a "tentative return" is meant a return on the appropriate income tax form, showing only the name and address of taxpayer and the estimated amount, if any, of the tax due. The items and schedules shown on the form need not be filled in.

This letter, or a copy thereof, must be attached to the tentative and completed returns as authority for the extension of time herein granted. The completed return when filed should be plainly marked "completed return".

Respectfully,

GUY T. HELVERING, Commissioner

By John V. Lewis,

Collector

GD

9. ~~Net~~ Loss guaranteed by T.B.H. Co. on bonds sold		697 096 56
10. Capital Gain or Loss (From Schedule B)		1 065 163 43
11. Interest on Liberty Bonds, etc. (From Schedule J)		7 382 893 43
12. Dividends on Stock of:		
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934		183 362 72
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934		-
(c) Foreign Corporations		3 653 40
13. Other Income (State nature of income) (Use separate schedule, if necessary)		3 374 423 48
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE		$ 54 004 387 87
DEDUCTIONS		
15. Compensation of Officers (From Schedule C)	$	
16. Rent on Business Property	1 393 717 67	
17. Repairs (From Schedule D): (a) Salaries and Wages, $; (b) Other Costs, $; Total	1 023 601 16	
18. Interest	32 501 124 88	
19. Taxes (From Schedule E)	2 046 210 56	
20. Losses by Fire, Storm, etc. (From Schedule F)		
21. Bad Debts (From Schedule G)	8 896 347 16	
22. Dividends (Item 12 (a) above)	183 362 72	
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)	1 042 820 09	
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Schedule schedule, see Instruction 24)		
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):		
(a) Salaries and wages. (Not included in Items 2, 14, or 17 above)	10 245 397 87	
(b)	2 999 436 57	
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25		60 333 017 68
27. NET INCOME (Item 14 minus Item 26) Loss		$ 6 326 629 71

COMPUTATION OF TAX

INCOME TAX		EXCESS-PROFITS TAX	
28. Net Income (Item 27, above) Loss	$ 6 326 629 71	28. Net Income for Excess-profits Tax Computation (Item 27, above)	$ None
29. Less: Interest on Liberty Bonds, etc. (Item 11)	7 362 893 43	29. Less: 10% of $ 48,000,000, or capital stock as defined in Your application for tax return for year ended June 30, 1935	
30. Balance subject to Income Tax (Item 28 minus Item 29)	13 689 523 14		
31. Income Tax (12½% of Item 30) (or 15% of Item 30, if this is a consolidated return of railroad corporation)	$	27. Amount Subject to Excess-profits Tax (Item 28 minus Item 29)	$
32. Less: Income Tax Paid at Source (This credit can be allowed only if a consolidated return of railroad corporation)	$	28. Excess-profits Tax (8% of Item 27)	
33. Income Tax Paid to a Foreign Country or U.S. Possession (Attach Form 1116)	$	NOTE.—Provision in computation of Excess-profits Tax must be made for credit for income taxes paid to foreign countries or U.S. possessions, if consolidated income tax return of railroad corporation filing, if consolidated income tax return.	
34. Balance of Income Tax (Item 31 minus Items 32 and 33)	$		

Amended Return

FORM 1094 MUST BE FILED WITH THIS RETURN

3/17/35 1935-AC-F56417

Form 1120
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Auditor's Stamp)

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN
For Calendar Year 1934

or Fiscal Year begun ....., 1934, and ended ....., 1935

Page 1 of Return

File Code 81

Serial Number

District 1-Cal

(Collector's Stamp) 1945 COLL INT REV. 1st DIST CAL.

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA N. T. & S. A.
(Name)

San Francisco, California
(Street and number)
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled In Irrespective of Any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation March 1, 1927

Under the Laws of what State or Country U.S.A.

Cash | Check | M.O. | Cert. of Ind. — First Payment $

The Corporation's Books are in Care of ..... Located at .....

Kind of Business (In detail) Bank (Also check industrial division on page 3) Is This a Consolidated Return of Railroad Corporations? No If so, of How Many Corporations? .....

If a Foreign Corporation, State Whether Resident or Nonresident ..... If Nonresident, State Amount of Income Excluded (Instruction 22) From Gross Income, $.....

Is the Corporation a personal holding company within the meaning of Section 351 of the Revenue Act of 1934? No (Answer "yes" or "no") (If so, an additional return on Form 1120 H must be filed.)

ATTACH REMITTANCE HERE

Item and Instruction No.

GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), $ ..... Less Returns and Allowances, $ ..... Net Sales					$							
2. Less Cost of Goods Sold:												
(a) Inventory at beginning of year	$											
(b) Material or merchandise bought for manufacture or sale												
(c) Miscellaneous costs (From Schedule A, Column 1): (1) Salaries and wages, $ ..... (2) Other costs, $ ..... Total												
(d) Total of lines (a), (b), and (c)	$											
(e) Less inventory at end of year												
3. Gross Profit from Sales (Item 1 minus Item 2)					$							
4. Gross Receipts (where inventories are not an income-determining factor)	$	699	759	65								
5. Less cost of operations (From Schedule A, Column 2): (a) Salaries and wages, $ ..... (b) Other costs, $ ..... Total		341	501	95								
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5)						358	257	70				
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc.					39	449	186	44				
8. Rents					1	610	351	89				
9. ~~Rents~~ Loss guaranteed by T.B.H. Co. on bonds sold						597	096	58				
10. Capital Gain or Loss (From Schedule D)					1	065	163	43				
11. Interest on Liberty Bonds, etc. (From Schedule J)					7	362	893	43				
12. Dividends on Stock of: (a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934						183	362	72				
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934							-					
(c) Foreign Corporations						3	653	40				
13. Other Income (State nature of income) (Use separate schedule, if necessary)					3	374	425	48				
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE									$ 54	004	387	87

DEDUCTIONS

15. Compensation of Officers (From Schedule C)	$										
16. Rent on Business Property					1	393	717	57			
17. Repairs (From Schedule D): (a) Salaries and Wages, $ ..... (b) Other Costs, $ ..... Total					1	023	501	16			
18. Interest					32	501	124	88			
19. Taxes (From Schedule E)					2	046	210	56			
20. Losses by Fire, Storm, etc. (From Schedule F)											
21. Bad Debts (From Schedule G)					8	896	347	16			
22. Dividends (Item 12 (a) above)						183	362	72			
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)					1	042	920	09			
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24)											
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):											
(a) Salaries and wages. (Not included in Items 2, 5, 15, or 17 above)					10	245	397	87			
(b)					2	999	438	57			
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25									60	331	017	58
27. NET INCOME (Item 14 minus Item 26) Loss									$ 6	326	629	71

COMPUTATION OF TAX

INCOME TAX

28. Net Income (Item 27, above) Loss	$	6	326	629	71
29. Less Interest on Liberty Bonds, etc. (Item 11)		7	362	893	43
30. Balance subject to Income Tax (Item 28 minus Item 29)	$	13	689	523	14
31. Income Tax (13½% of Item 30) (or 15½% of Item 30, if this is a consolidated return of railroad corporations)	$				
32. Less: Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation)	$				
33. Income Tax Paid to a Foreign Country or U. S. Possession by a Domestic Corporation	$				
34. Balance of Income Tax (Item 31 minus Items 32 and 33)	$				

EXCESS-PROFITS TAX

35. Net Income for Excess-profits Tax Computation (Item 27, above)	$		None		
36. Less: 12½% of $ 45,000,000 Value of capital stock as declared in your capital-stock tax return for year ended June 30, 1934					
37. Amount Subject to Excess-profits Tax (Item 35 minus Item 36)	$				
38. Excess-profits Tax (5% of Item 37)	$				

NOTE.—Separate computation of Excess-profits Tax must be made on Form 1120 for each member of an affiliated group of railroad corporations making a consolidated Income Tax return.

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SCHEDULE K—BALANCE SHEETS (See Instruction 44)

Items	Beginning of Taxable Year: Amount	Beginning of Taxable Year: Total	End of Taxable Year: Amount	End of Taxable Year: Total
ASSETS				
1. Cash		$		$
2. Notes receivable				
3. Accounts receivable	$		$	
(a) Less reserve for bad debts				
4. Inventories:				
(a) Raw materials	$		$	
(b) Work in process				
(c) Finished goods				
(d) Supplies				
5. Investments (nontaxable):				
(a) Obligations of a State, Territory, or any political subdivision thereof, or District of Columbia, or United States possessions	$		$	
(b) Obligations of Instrumentalities of the United States				
(c) Obligations of the United States				
6. Other investments:				
(a) Stocks of domestic corporations	$		$	
(b) Bonds of domestic corporations				
(c) Stocks and bonds of foreign corporations				
(d) All other investments or loans				
7. Deferred charges:				
(a) Prepaid insurance	$		$	
(b) Prepaid taxes				
(c) All other				
8. Capital assets:				
(a) Land	$		$	
(b) Buildings				
(c) Machinery and equipment				
(d) Furniture and fixtures				
(e) Delivery equipment				
(f) Less reserves for depreciation (except on land)	$		$	
9. Patents				
10. Good will				
11. Other assets (describe fully):				
	$		$	
12. Total Assets		$		$
LIABILITIES				
13. Notes payable (less than one year)		$		$
14. Accounts payable				
15. Bonds and notes (not secured by mortgage)				
16. Mortgages (including bonds and notes so secured)				
17. Accrued expenses:				
(a) Interest	$		$	
(b) Taxes				
(c) All other				
18. Other liabilities (describe fully):				
	$		$	
19. Capital stock:				
(a) Preferred stock (less stock in treasury)	$		$	
(b) Common stock (less stock in treasury)				
20. Surplus	$		$	
21. Undivided profits				
22. Total Liabilities		$		$

Remarks

P—10001

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income from Item 27, page 1 of the return	Loss	6	326	629	71
2. Nontaxable income:					
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia, or United States possessions		4	375	435	30
(b) Interest on obligations of the United States (except interest in excess of exemption as reported in Schedule J (d))		1	358	732	91
(c) Dividends deductible under Section 26 (p) of the Revenue Act of 1934			183	362	72
(d) Proceeds of life insurance policies paid upon the death of the insured					
(e) Other items of nontaxable income (to be detailed):					
(1) Interest - Jt.St.Ld Bk Notes			20	422	42
(2) Pension Fund			40	949	12
(3) Federal Deposit Insurance			326	001	47
3. Charges against reserve for bad debts, if Item 22, page 1 of return, is not an addition to a reserve					
Restorations			2	741	69
4. Charges against reserve for contingencies, etc. (to be detailed):					
(a) Taxes		2	441	014	38
(b) Losses			11	920	33
(c) Sale Capital Assets		1	570	963	00
5. Total of Lines 1 to 4, inclusive	$	4	001	914	63
6. Total from Line 14		3	990	888	02
7. Net profit or loss for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6) (if loss, indicate)	$		11	026	61
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year		49	441	604	67
9. Other credits to surplus (to be detailed):					
(a) Reserves		12	165	494	35
(b)					
(c)					
10. Total of Lines 7 to 9, inclusive	$	61	618	126	63
11. Total from Line 17		14	603	785	06
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	$	47	014	340	58

13. Unallowable deductions:				
(a) Donations, gratuities, and contributions	$	67	806	30
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in whole or in part in Item 23, page 1 of the return		310	000	00
(c) Federal taxes paid on tax-free covenant bonds				
(d) Special improvement taxes tending to increase the value of the property assessed				
(e) Furniture and fixtures, additions, or betterments treated as expenses on the books				
(f) Replacements and renewals				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 22, page 1 of return				
(j) Additions to reserve for contingencies, etc. (to be detailed):				
(1) Taxes		1	715	500	02
(2) Sale Capital Assets			38	228	96
(3) Depreciation		1	000	000	00
(k) Other unallowable deductions (to be detailed):				
(1) P.L. Adj. 1/5/35			12	257	17
(2) Guarantee by T.B H.Co.			597	096	58
(3) Charged Off items sold			250	000	00
14. Total of Lines 13	$	3	990	888	02
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):				
(a) Date paid 3/17 Character Cash	$		750	000	00
(b) Date paid 6/13 Character "		1	000	000	00
(c) Date paid 9/14 Character "		1	000	000	00
(d) Date paid 12/12 Character "		1	000	000	00
16. Other debits to surplus (to be detailed):				
(a) Reserves		10	853	785	06
(b)				
(c)				
17. Total of Lines 15 and 16	$	14	603	785	06

NET INCOME (OR DEFICIT) REPORTED IN RETURN FOR CALENDAR YEAR 1935 OR FISCAL YEAR 1934

1. Net income ..... $ ..... (or deficit ..... $ .....)

NATURE OF BUSINESS

2. Check the block to indicate the industrial division in which the corporation's main income producing business falls:

- ☐ Agriculture and related industries, including fishing, forestry, ice-harvesting; leasing such properties.
- ☐ Mining and quarrying, including gas and oil wells, leasing such properties.

MANUFACTURING

Food and kindred products:

- ☐ Bakery and confectionery products.
- ☐ Canned products—fish, fruit, vegetables, poultry.
- ☐ Mill products—bran, flour, feed.
- ☐ Packing-house products—meats, lard; slaughtering.
- ☐ Sugar—beet, cane, maple; molasses, sirups; refining.
- ☐ Other food products—butter substitutes, cereals, coffee, spices, dairy products, artificial ice, etc.
- ☐ Beverages, soft drinks, mineral water.
- ☐ Brewing and distilling—alcohol, liquors, beer, malt extract, wines.
- ☐ Tobacco products.

Textiles:

- ☐ Cotton goods—dress goods, etc.; napping, dyeing.
- ☐ Woolen and worsted goods—dress goods, etc.; wool pulling, scouring.
- ☐ Silk and rayon goods—dress goods, thrown silk, etc.; spinning, warping.
- ☐ Carpets, floor coverings, tapestries, linoleum.
- ☐ Other textiles—cord, felt, fur, linen, artificial leather, surgical textiles, etc.
- ☐ Clothing—custom-made, factory-made, underwear, millinery, etc.
- ☐ Knit goods—sweaters, hosiery, etc.
- ☐ Leather boots, shoes, slippers, etc.
- ☐ Other leather products—saddlery, harness, trunks; finishing, tanning.
- ☐ Rubber tires and tubes.
- ☐ Other rubber goods—boots, shoes, hose, artificial rubber.
- ☐ Bone, celluloid and ivory products.
- ☐ Sawmill and planing mill products.
- ☐ Other wood products—carriages, wagons, furniture, baskets, etc.
- ☐ Paper, pulp and products.
- ☐ Printing, publishing, and allied industries.
- ☐ Petroleum and other mineral oil refining and products.
- ☐ Chemicals proper, acids, compounds, coal tar products, etc.
- ☐ Allied chemical substances, drugs, oils, soaps, etc.
- ☐ Paints, pigments, varnishes, etc.
- ☐ Fertilizers.
- ☐ Stone, clay, glass, and related products.

MANUFACTURING—(Continued)

Metal products and processes:

- ☐ Iron and steel—products of blast furnaces, rolling mills, foundries.
- ☐ Locomotives and railroad equipment.
- ☐ Motor vehicles, complete or parts.
- ☐ Machinery—factory, used in producing food, leather, metal, paper, printing, rubber, stone, clay, glass, textile and wood products.
- ☐ Machinery—agricultural and equipment.
- ☐ Machinery—electrical and equipment.
- ☐ Machinery—other, building, construction, gas and mining machinery and equipment.
- ☐ Household equipment—metal furniture, refrigerators, sewing machines, washing machines, etc.
- ☐ Office equipment.
- ☐ Metal building material and equipment.
- ☐ Hardware, tools, etc.
- ☐ Precious metal products and processes.
- ☐ Other metals, products and processes.

Miscellaneous manufacturing:

- ☐ Radios, complete or parts.
- ☐ Musical, professional, and scientific instruments; optical goods, small boats.
- ☐ Airplanes, airships, seaplanes; parts.
- ☐ Construction—excavations, bridges, buildings, railroads, ships; equipping and installing systems.
- ☐ Transportation—rail, water, aerial, motor, etc.; leasing such facilities.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telegraph, telephone, radio, water works, heat supply, toll bridges, etc.; leasing such utilities.
- ☐ Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.

Trade:

- ☐ Wholesale.
- ☐ Retail.
- ☐ Wholesale and retail.
- ☐ Commission.
- ☐ All other trade—repair service, garages for storage, film exchange, etc.
- ☐ Service—professional, business, amusement, domestic, and all other.

Finance:

- ☒ Banks—national, State, private, savings; joint-stock land banks.
- ☐ Stock and bond brokers, investment bankers or brokers, investment trusts.
- ☐ Real estate, realty holding, real estate agents.
- ☐ Insurance companies (not agents).
- ☐ Other finance—loan companies, building and loan associations, note, mortgage or pawn brokers, stock syndicates, insurance agents.

AFFILIATIONS WITH OTHER CORPORATIONS (See Instruction 30)

3. Is this a consolidated return? No If so, procure from the collector of internal revenue for your district Form 851, Affiliations Schedule, which shall be filled in, sworn to, and filed as a part of this return.

4. Was the income of this corporation included in a consolidated return for the prior year? Yes

If so, give name of corporation which filed the consolidated return. Transamerica Corporation S.F.

PREDECESSOR BUSINESS

5. Did the corporation file a return under the same name for the preceding taxable year? Yes Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? Yes If answer is "yes", give name and address of each predecessor business, and the date of the change in entity.

Bank of Italy N.T.S.A. S.F. 11/1/30

Upon such change were any asset values increased or decreased? No

If the answer is "yes", closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

6. Is this return made on the basis of cash receipts and disbursements? No

If not, describe fully what other basis or method was used in computing net income. Accrual

VALUATION OF INVENTORIES

7. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock.

PREPARATION OF RETURN (See Instruction 31)

8. Did any person or persons advise the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? Yes (Answer "yes" or "no") If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received and the items and schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons

C. H. Neill

INFORMATION RETURN

9. Did the corporation make a return of information on Forms 1096 and 1099 (see Instruction 37) for the calendar year 1934? Yes (Answer "yes" or "no")

LIST OF ATTACHED SCHEDULES

10. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Depreciation

SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 3 (c))	Items	Amount (Enter as Item 8)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—CAPITAL GAINS AND LOSSES (See Instruction 10)

1. Description of Property	2. Date Acquired	3. Date Sold	4. Amount Received	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements after Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913 (Furnish details)	9. Gain or Loss
	Mo. Day Year	Mo. Day Year						
			$	$	$	$	$	$

Net Gain or Loss (enter as Item 10) (Capital losses are allowable only to the extent of $2,000 plus capital gains) $

State (1) how property was acquired ; (2) whether at time of sale or exchange purchaser owned more than 50% in value of your outstanding stock

Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other nontaxable dividends, stock rights, etc.).

Cost of property must be entered in column 5 if a loss is claimed in column 9.

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 15)

1. Name and Address of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned 4. Common	5. Preferred	6. Amount of Compensation (Enter as Item 13)
					$

Note: Schedule C-1 also must be filed with this return if compensation in excess of $15,000 was paid to any officer or employee.

SCHEDULE D—COST OF REPAIRS (See Instruction 17)

1. Items	2. Amount (Enter as Item 17)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 19)

1. Items	2. Amount (Enter as Item 19)
	$

SCHEDULE F—EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC. (See Instruction 20)

1. Kind of Property	2. Date Acquired	3. Cost	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 20)
		$	$	$	$	$

State how property was acquired

SCHEDULE G—BAD DEBTS (See Instruction 21)

1. Year	2. Sales on Account	3. Bad Debts
1930	$	$
1931		
1932		
1933		
1934		

SCHEDULE H—INCOME FROM DIVIDENDS (See Instruction 12)

Items below all dividends received during the year, stating the amount and the name and address of the corporation which declared the dividend.

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 23)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Cost or March 1, 1913 Value if Acquired Prior to That Date (Indicate basis)	4. Amount Fully Depreciated in Use at End of Year	5. Depreciation Allowed (or Allowable) in Prior Years	6. Remaining Cost or Other Basis to Be Recovered	7. Life Used or Actuarial Depreciation	8. Estimated Remaining Life from Beginning of Year	9. Depreciation Allowable This Year
		$	$	$	$			$

SCHEDULE J—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES (See Instruction 11)

1. Obligations or Securities	2. Amount Owned	3. Interest Received or Accrued	4. Principal Amount Exempt from Taxation	5. Amount Owned in Excess of Exemption	6. Interest on Amount in Excess of Exemption (Enter as Item 12)
(a) Obligations of a State, Territory or political subdivision thereof, or the District of Columbia, or United States possessions	$	$	All	$	$
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended			All		
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917			All		
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness			All		
(e) Liberty 4% and 4¼% Bonds and Treasury Bonds			$2,000	$	$
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in line (b) above)			None		

AFFIDAVIT (See Instruction 30)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return (including its accompanying schedules and statements, if any) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this 10th day of April, 1935

(Signature of President)

(Signature of Treasurer)

(Title)

PUT AN INK SEAL

CORPORATE SEAL

AFFIDAVIT (See Instruction 31)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this 10th day of April, 1935.

(Signature of person preparing the return)

(Signature of person preparing the return)

(Name of firm or employer, if any)

(Signature)

(Title)

PUT AN INK SEAL

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BANK OF AMERICA N. T. & S. A. - AMENDED RETURN 1934

STATEMENT

The depreciation deducted on our original return was erroneous and not in accordance with our books and records. In 1932 we adjusted our depreciation schedules to reflect the results of a survey of the depreciable assets made to determine an accurate basis for depreciation. Although the adjustment was given effect on our books the old depreciation schedules were used as a basis for computing the depreciation deducted on the tax return pending a review by the Commissioner of Internal Revenue and a mutually satisfactory revision of the depreciation for income tax purposes. This revision was made and mutually satisfactory schedules were prepared by the Bank and the office of the Internal Revenue Agent in Charge at San Francisco but these schedules were rejected by the Commissioner of Internal Revenue presumably on the grounds that the Bank had claimed greater depreciation in the years 1932, 1933, 1934 and 1935. This amended return is being filed to change and correct the depreciation deduction taken on the original return and to bring the original return into accord with the books and records of the Bank.

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1934 BANK OF AMERICA N.T. & S.A. 1934

Amended Depreciation Schedule

Property	Cost	Depreciation Prior Years	Remaining Cost	Correct Depreciation 1934	Depreciation Deducted on Orig. Return	Excessive Depr. Deducted on Orig. Return
Bank Premises	33,089,155.49	4,012,278.29	29,076,877.20	299,581.18	518,827.63	219,246.45
Alterations	1,637,619.77	657,236.25	983,383.52	95,902.71	90,888.14	5,016.57
Furniture	4,503,153.52	2,523,522.52	1,979,631.00	172,090.20	316,130.67	144,040.47
Fixtures	7,723,874.55	3,956,074.91	3,767,799.64	342,636.37	553,757.42	211,121.05
Safe Deposit	3,563,820.48	593,580.16	2,970,240.32	55,637.20	64,151.94	8,514.74
Autos	55,533.81	40,013.01	15,520.80	6,915.69	6,915.69	-
Addressograph	22,792.19	12,000.00	10,792.19	6,000.00	6,000.00	-
O.R.E. Improvements	3,902,830.53	259,941.01	3,642,889.52	61,415.05	61,415.05	-
Restorations	83,766.03	27,295.00	56,471.03	2,741.69	2,741.69	-
Totals	54,582,548.47	12,078,941.15	42,503,605.32	1,042,920.09	1,620,826.23	577,906.14

Other schedules same as on the original return

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(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934

(c) Foreign Corporations — 3 674 61

13. Other Income (State nature of income) (Use separate schedule, if necessary) — 3 685 141 15

14 TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE — $ 64 249 778 39

DEDUCTIONS

15. Compensation of Officers (From Schedule C) — $

16. Rent on Business Property — 1 377 324 74

17. Repairs (From Schedule D): (a) Salaries and Wages, $; (b) Other Costs, $. Total — 1 362 296 01

18. Interest — 34 900 368 87

19. Taxes (From Schedule E) — 2 275 658 87

20. Losses by Fire, Storm, etc. (From Schedule F)

21. Bad Debts (From Schedule G); also bonds determined to be worthless during taxable year (Explain on separate sheet) — 9 876 954 33

22. Dividends (Item 12 (c) above) — 244 329 69

23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I) — 1 061 071 97

24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24)

25. Other Deductions Authorized by Law (Explain below, or on separate sheet):

(a) Salaries and wages. (Not included in Items 2, 5, 15, or 17 above) — 10 699 472 78

(b) Stock determined to be worthless during the taxable year

(c) — 3 327 780 17 — 65 128 256 63

26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25

27. NET INCOME (Item 14 minus Item 26) — Loss — $ 875 478 24

COMPUTATION OF TAX

INCOME TAX

28. Net Income (Item 27, above) — Loss — $ 875 478 24

29. Less Interest on Liberty Bonds, etc. (Item 11) — 10 303 860 64

30. Balance subject to Income Tax (Item 28 minus Item 29) — $ 11 179 338 88

31. Income Tax (12½% of Item 30) (or 14½% of Item 30, if this is a consolidated return of railroad corporations) — $

32. Less: Income Tax Paid at Source. (This credit can be allowed only to a nonresident foreign corporation) — $

33. Income Tax Paid to a Foreign Country or U. S. Possession by a Domestic Corporation

34. Balance of Income Tax (Item 31 minus Items 32 or 33) — $ None

EXCESS-PROFITS TAX*

35. Net Income for Excess-profits Tax Computation (Item 27, above) — 40,281,417.60 — $ None

36. Less: 12½% of $, adjusted declared value of capital stock as shown in your capital-stock tax return for year ended June 30, 1933

37. Amount Subject to Excess-profits Tax (Item 35 minus Item 36) — $

38. Excess-profits Tax (9% of Item 37) — $

NOTE.—Where an affiliated group of railroad corporations makes a consolidated income tax return, the common parent corporation and each subsidiary which is liable for the making of an Excess-profits Tax return must make a separate Excess-profits Tax return. (See Instructions 38 and 44.)

*Corporations having an income-tax fiscal year ending after June 30, 1933, shall use Form 1121 in making Excess-profits Tax returns for such fiscal year.

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AMENDED RETURN 1936 - 53661

RETURN FORM MARKED "DUPLICATE" MUST BE FILED WITH THIS ORIGINAL RETURN

Form 1120
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Auditor's Stamp)

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN
For Calendar Year 1935

or Fiscal Year begun ....., 1935, and ended ....., 1936

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

BANK OF AMERICA, N. T. & S. A.
(Name)

(Street and number)
San Francisco, California
(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled in Irrespective of Any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation March 1, 1927

Under the Laws of what State or Country U.S.A.

Page 1 of Return

File Code 81

Serial Number

District

(Cashier's Stamp)
RECEIVED
04 1936 345

Cash | Check | M. O. | Cert. of Ind.
First Payment
$

The Corporation's Books are in Care of ..... Located at .....

Kind of Business (in detail) Bank (Also check industrial division on page 3) Is This a Consolidated Return of Railroad Corporations? No If so, of How Many Corporations? .....

If a Foreign Corporation, State Whether Resident or Nonresident ..... If Nonresident, State Amount of Income Excluded (Instruction 33) From Gross Income, $.....

Is the Corporation a Personal Holding Company Within the Meaning of Section 351 of the Revenue Act of 1934? No (Answer "Yes" or "No") (If so, an additional return on Form 1120 H must be filed.)

ATTACH REMITTANCE HERE

Item and Instruction No.									
	GROSS INCOME								
1.	Gross Sales (where inventories are an income-determining factor) $..... Less Returns and Allowances, $..... Net Sales				$				
2.	Less Cost of Goods Sold:								
	(a) Inventory at beginning of year	$							
	(b) Material or merchandise bought for manufacture or sale								
	(c) Miscellaneous costs (From Schedule A, Column 1): (1) Salaries and wages, $..... (2) Other costs, $..... Total								
	(d) Total of lines (a), (b), and (c)	$							
	(e) Less inventory at end of year								
3.	Gross Profit from Sales (Item 1 minus Item 2)				$				
4.	Gross Receipts (where inventories are not an income-determining factor)	$	203	394	52				
5.	Less cost of operations (From Schedule A, Column 2): (a) Salaries and wages, $..... (b) Other costs, $..... Total		218	266	06				
6.	Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5)			Loss			14	871	53
7.	Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc.					43	113	281	58
8.	Rents					1	911	116	31
9.	Royalties								
10.	Capital Gain or Loss (From Schedule B)					5	003	246	76
11.	Interest on Liberty Bonds, etc. (From Schedule L, Lines 3 (a) (b) and (7))					10	303	860	64
12.	Dividends on Stock of:								
	(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934						244	329	89
	(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934								
	(c) Foreign Corporations						3	674	81
13.	Other Income (State nature of income) (Use separate schedule, if necessary)					3	685	141	15
14	TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE							$ 64	249 778 39
	DEDUCTIONS								
15.	Compensation of Officers (From Schedule C)					$			
16.	Rent on Business Property					1	377	324	74
17.	Repairs (From Schedule D): (a) Salaries and Wages, $..... (b) Other Costs, $..... Total					1	362	296	01
18.	Interest					34	900	368	87
19.	Taxes (From Schedule E)					2	275	658	87
20.	Losses by Fire, Storm, etc. (From Schedule F)								
21.	Bad Debts (From Schedule G); also bonds determined to be worthless during taxable year (Explain on separate sheet)					9	876	964	33
22.	Dividends (Item 12 (c) above)						244	329	89
23.	Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I)					1	061	071	97
24.	Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24)								
25.	Other Deductions Authorized by Law (Explain below, or on separate sheet):								
	(a) Salaries and wages. (Not included in Items 2, 5, 15, or 17 above)					10	699	472	78
	(b) Stock determined to be worthless during the taxable year								
	(c)					3	327	780	17	65 128 256 63
26.	TOTAL DEDUCTIONS IN ITEMS 15 TO 25								
27.	NET INCOME (Item 14 minus Item 26)						Loss		$ 876 478 24

COMPUTATION OF TAX

Income Tax					Excess-Profits Tax*			
28. Net Income (Item 27, above)	Loss		876	478	24	28. Net Income for Excess-profits Tax Computation (Item 27, above) 40,281,417.60		None
29. Less Interest on Liberty Bonds, etc. (Item 11)		10	303	860	64	29. Less: 12½% of $ ..... adjusted declared value of capital stock as shown in your capital-stock tax return for year ended June 30, 1935		
30. Balance subject to Income Tax (Item 28 minus Item 29)		11	172	338	88	27. Amount Subject to Excess-profits Tax (Item 28 minus Item 29)		
31. Income Tax (12½% of Item 30) (or 12½% of Item 30, if this is a consolidated return of railroad corporations)						30. Excess-profits Tax (7% of Item 27)		
32. Less: Income Tax Paid at Source. (This credit can be allowed only to a nonresident foreign corporation)								
33. Income Tax Paid to a Foreign Country or U. S. Possession by a Domestic Corporation								
34. Balance of Income Tax (Item 31 minus Item 32 or 33)			None					

NOTE.—Where an affiliated group of railroad corporations makes a consolidated Income Tax return, the common parent corporation and each subsidiary which is liable for the making of an Excess-profits Tax return must make a separate Excess-profits Tax return. (See Instructions 30 and 44.)

*Corporations having an income-tax fiscal year ending after June 30, 1936, shall use Form 1120 in making Excess-profits Tax returns for such fiscal year.

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SCHEDULE K—BALANCE SHEETS (See Instruction 42)

Items	Beginning of Taxable Year: Amount	Beginning of Taxable Year: Total	End of Taxable Year: Amount	End of Taxable Year: Total
ASSETS				
1 Cash:				
(a) Demand deposits, including checks	$		$	
(b) Time deposits, including certificates of deposit				
(c) All other cash		$		$
2. Notes receivable				
3. Accounts receivable	$		$	
(a) Less reserve for bad debts				
4. Inventories:				
(a) Raw materials	$		$	
(b) Work in process				
(c) Finished goods				
(d) Supplies				
5. Investments (nontaxable):				
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions	$		$	
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended				
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917				
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness				
(e) Liberty 4% and 4¼% Bonds, United States Savings Bonds, and Treasury Bonds				
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in line (b) above)				
6. Other investments:				
(a) Stocks of domestic corporations	$		$	
(b) Bonds of domestic corporations				
(c) Stocks and bonds of foreign corporations				
(d) All other investments or loans				
7. Deferred charges:				
(a) Prepaid insurance	$		$	
(b) Prepaid taxes				
(c) All other				
8. Capital assets:				
(a) Buildings	$		$	
(b) Machinery and equipment				
(c) Furniture and fixtures				
(d) Delivery equipment				
(e) Other depreciable assets				
(f) Total of Lines (a) to (e)	$		$	
(g) Less reserves for depreciation				
(h) Depletable assets	$		$	
(i) Less reserves for depletion				
(j) Land				
9. Patents				
10 Good will				
11 Other assets (describe fully):				
	$		$	
12. Total Assets		$		$
LIABILITIES				
13. Notes payable (less than 1 year)		$		$
14. Accounts payable				
15 Bonds and notes (not secured by mortgage)				
16. Mortgages (including bonds and notes so secured)				
17. Accrued expenses:				
(a) Interest	$		$	
(b) Taxes				
(c) All other				
18 Other liabilities (describe fully):				
	$		$	
19 Capital stock:				
(a) Preferred stock (less stock in treasury)	$		$	
(b) Common stock (less stock in treasury)				
20. Surplus	$		$	
21. Undivided profits				
22 Total Liabilities		$		$

Remarks:

F—10000

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SCHEDULE L—RECONCILIATION OF NET INCOME AND ANALYSIS OF CHANGES IN SURPLUS

1. Net income subject to taxation (Item 30, page 1 of return) Loss	11	179	338	88
2. Nontaxable income:				
(a) Interest on:				
(1) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions		38	347	19
(2) Obligations issued under Federal Farm Loan Act, or under such Act as amended	4	418	365	21
(3) Obligations issued under other Federal Farm Loan Act		200	590	61
(3) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917		90	574	06
(4) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness		951	197	55
(5) Liberty 4% and 4¼% Bonds, United States Savings Bonds, and Treasury Bonds owned in the principal amount of $5,000 and under			212	50
(6) Liberty 4% and 4¼% Bonds, United States Savings Bonds, and Treasury Bonds owned in the principal amount of over $5,000	8	618	864	68
(7) Obligations of instrumentalities of the United States (other than those to be reported in Line 2 (e) (3) above)	1	664	996	96
(b) Dividends deductible under Section 23 (p) of the Revenue Act of 1934		244	329	89
(c) Proceeds of life insurance policies paid upon the death of the insured F.Y. Adj. 1934		12	257	17
(d) Other items of nontaxable income (to be detailed):				
(1) Write-up T/O Banks		20	480	83
(2) Capital Assets Sold	1	016	607	25
(3) Restorations		2	203	69
3. Charges against reserve for bad debts, if Item 22, page 1 of return, is not an addition to a reserve		809	870	19
4. Charges against reserves for contingencies, etc. (to be detailed): Pension Fund		26	437	85
(e) Taxes	2	181	079	26
(f) Losses		8	017	14
5. Total of Lines 1 to 4, inclusive	9	124	092	05
6. Total from Line 14	3	485	756	86
7. Net profit or loss for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6) (If loss, indicate)	5	638	335	19
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	47	014	340	58
9. Other credits to surplus (to be detailed):				
(a) Reserves	9	751	745	30
(b) P.L. Adj. 1/3/36		1	616	81
10. Total of Lines 7 to 9, inclusive	62	406	037	68
11. Total from Line 17	11	538	731	15
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	50	867	306	53

13. Unallowable deductions:				
(a) Donations, gratuities, and contributions		53	189	98
(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in whole or in part in Item 32, page 1 of the return				
Write downs T/O Banks		2	337	00
(c) Federal taxes paid on tax-free covenant bonds				
(d) Special improvement taxes tending to increase the value of the property assessed				
(e) Furniture and fixtures, additions, or betterments treated as expenses on the books				
Discounts P.C.M. Co. Notes		2	763	07
(f) Replacements and renewals				
(g) Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary				
(h) Interest on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation				
(i) Additions to reserve for bad debts which are not included in Item 21, page 1 of return				
(j) Additions to reserve for contingencies, etc. (to be detailed):				
(1) Taxes	2	021	653	80
(2) Losses		70	528	41
(3) C.S.T.		9	438	00
(4) Other unallowable deductions (to be detailed):				
(1) F.D.I.C.		282	742	02
(2) Chatom Ranch		12	228	98
(3) Capital Assets Sold	1	030	877	80
14. Total of Line 13	3	485	756	86
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):				
(a) Date paid 3/12 Character	1	250	000	00
(b) Date paid 6/11 Character	1	250	000	00
(c) Date paid 9/11 Character	1	250	000	00
(d) Date paid 12/10 Character	2	250	000	00
16. Other debits to surplus (to be detailed):				
(e) Reserves	5	538	731	15
(b)				
(c)				
17. Total of Lines 14 and 16	11	538	731	15

NATURE OF BUSINESS

1. Check the block to indicate the industrial division in which the corporation's main income-producing business falls:

MANUFACTURING

Food and kindred products:

- ☐ Bakery and confectionery products.
- ☐ Canned products—fish, fruit, vegetables, etc.
- ☐ Mill products—bran, flour, feed.
- ☐ Packing-house products—meats, lard; slaughtering.
- ☐ Sugar—beet, cane, maple; molasses, etc.
- ☐ Other food products—butter substitutes, cereals, sodas, spices, dairy products, ice, etc.
- ☐ Beverages, soft drinks, mineral water.
- ☐ Brewing and distilling—alcohol, liquors, beer, malt extract, wines.
- ☐ Tobacco products.

Textiles:

- ☐ Cotton goods—dress goods, etc.; sapping, dyeing.
- ☐ Woolen and worsted goods—dress goods, etc.; wool pulling, scouring.
- ☐ Silk and rayon goods—dress goods, thrown silk, etc.; spinning, warping.
- ☐ Carpets, floor coverings, tapestries, Linoleum.
- ☐ Other textiles—cord, felt, fur, linen, artificial leather, surgical textiles, etc.
- ☐ Clothing—custom-made, factory-made, underwear, millinery, etc.
- ☐ Knit goods—sweaters, hosiery, etc.
- ☐ Leather boots, shoes, slippers, etc.
- ☐ Other leather products—saddlery, harness, trunks, finishing, tanning.
- ☐ Rubber tires and tubes.
- ☐ Other rubber goods—boots, shoes, hose, artificial rubber.
- ☐ Bone, celluloid and ivory products.
- ☐ Sawmill and planing mill products.
- ☐ Furniture (not metal).
- ☐ Other wood products—carriages, wagons, baskets, etc.
- ☐ Paper, pulp and products.
- ☐ Printing, publishing, and allied industries.
- ☐ Petroleum and other mineral oil refining and products.
- ☐ Chemicals proper, acids, compounds, coal tar products, etc.
- ☐ Allied chemical substances, drugs, oils, soaps, etc.
- ☐ Paints, pigments, varnishes, etc.
- ☐ Fertilizers.
- ☐ Stone, clay, glass, and related products.

Metal products and processes:

- ☐ Iron and steel—products of blast furnaces, rolling mills, foundries
- ☐ Locomotives and railroad equipment.
- ☐ Motor vehicles, complete or parts

MANUFACTURING—(Continued)

Metal products and processes—Continued.

- ☐ Machinery—factory, used in producing food, leather, metal, paper, printing, rubber, stone, clay, glass, textile and wood products.
- ☐ Machinery—agricultural and equipment.
- ☐ Machinery—electrical and equipment.
- ☐ Machinery—other, building, construction, gas and mining machinery and equipment.
- ☐ Household equipment—metal furniture, refrigerators, sewing machines, etc.
- ☐ Office equipment.
- ☐ Metal building material and equipment.
- ☐ Hardware, tools, etc.
- ☐ Precious metal, products and processes.
- ☐ Other metals, products and processes.

Miscellaneous manufacturing:

- ☐ Radios, complete or parts.
- ☐ Musical, professional, and scientific instruments; optical goods, small boats.
- ☐ Airplanes, airships, seaplanes, parts.

NONMANUFACTURING

Trade:

- ☐ Wholesale.
- ☐ Retail.
- ☐ Wholesale and retail.
- ☐ Commission.
- ☐ Other trade—repair service, garages, etc.

Finance:

- ☒ Banks—national, State, private, savings; joint-stock land banks.
- ☐ Stock and bond brokers, investment bankers or brokers.
- ☐ Real estate, realty holding, real estate agents.
- ☐ Insurance companies (not agents).
- ☐ Investment trusts, stock syndicates, stock holding companies.
- ☐ Other finance—loan companies, building and loan associations, note, mortgage or pawn brokers, insurance agents.
- ☐ Agriculture and related industries, including fishing, forestry, ice-harvesting, leasing such properties.
- ☐ Mining and quarrying, including gas and oil wells, leasing such properties.
- ☐ Construction—excavations, bridges, buildings, railroads, ships, equipping and installing systems.
- ☐ Transportation—rail, water, aerial, motor, etc., leasing such facilities.
- ☐ Storage—cold storage, grain elevators, warehouses, sale-deposit vaults, etc.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telegraph, telephone, radio, water-works, heat supply, toll bridges, etc.; leasing such utilities
- ☐ Service—professional, business, amusement, domestic, and all other

AFFILIATIONS WITH OTHER CORPORATIONS (See Instruction 35)

2. Is this a consolidated return? No If so, procure from the collector of internal revenue for your district Form 851, Affiliations Schedule, which shall be filed in, sworn to, and filed as a part of this return.

3. Was the income of this corporation included in a consolidated return for the prior year? No

If so, give name of corporation which filed the consolidated return.

PREDECESSOR BUSINESS

4. Did the corporation file a return under the same name for the preceding taxable year? Yes Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? Yes If answer is "yes", give name and address of each predecessor business, and the date of the change in entity.

Bank of Italy N.T. & S.A. S.F. 11/1/30

Upon such change were any asset values increased or decreased? No

If the answer is "yes", closing balance sheets of old business and opening balance sheets of new business must be furnished.

BASIS OF RETURN

5. Is this return made on the basis of cash receipts and disbursements? No

If not, describe fully what other basis or method was used in computing net income. Accrual

VALUATION OF INVENTORIES

6. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock.

PREPARATION OF RETURN (See Instruction 47)

7. Did any person or persons advise the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? Yes (Answer "yes" or "no") If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received and the items and schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons.

C. H. Neill

INFORMATION RETURN

8. Did the corporation make a return of information on Forms 1096 and 1099 (see Instruction 33) for the calendar year 1935? Yes (Answer "yes" or "no")

LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.

Depreciation

P—16880

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SCHEDULE A (See Instructions 2 and 5)

1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
Items	Amount (Enter as Item 3 (c))	Items	Amount (Enter as Item 8)
Salaries and wages	$	Salaries and wages	$
Other costs		Other costs	

SCHEDULE B—CAPITAL GAINS AND LOSSES (FROM SALES OR EXCHANGES ONLY) (See Instruction 10)

Description of Property	2. Date Acquired (Mo. Day Year)	3. Date Sold (Mo. Day Year)	4. Gross Sales Price (Contract price)	5. Cost	6. March 1, 1913, Value if Acquired Before That Date	7. Cost of Improvements After Acquisition or March 1, 1913	8. Depreciation Allowed (or Allowable) Since Acquisition or March 1, 1913 (Furnish details)	9. Gain or Loss
			$	$	$	$	$	$

Gain or Loss (enter net amount as Item 10) (capital losses are allowable only to the extent of $2,000 plus capital gains) ..... $

State (1) how property was acquired ..... ; (2) whether at time of sale or exchange purchaser owned more than 50% in value of your outstanding stock ..

Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other nontaxable dividends, stock rights, etc.).

Cost of property must be entered in column 5 if a loss is claimed in column 9.

SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 15)

1. Name and Address of Officer	2. Official Title	3. Time Devoted to Business	Shares of Stock Owned: 4. Common	Shares of Stock Owned: 5. Preferred	6. Amount of Compensation (Enter as Item 14)
					$

Note: Schedule C-1 IN DUPLICATE also must be filed with this return if compensation in excess of $15,000 was paid to any officer or employee.

SCHEDULE D—COST OF REPAIRS (See Instruction 17)

1. Items	2. Amount (Enter as Item 17)
Salaries and wages	$
Other costs	

SCHEDULE E—TAXES PAID (See Instruction 19)

1. Items	2. Amount (Enter as Item 19)
	$

SCHEDULE F—EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC. (See Instruction 20)

1. Kind of Property	2. Date Acquired	3. Cost	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss (Enter as Item 20)
		$	$	$	$	$

State how property was acquired ..

SCHEDULE G—BAD DEBTS (See Instruction 21)

1. Year	2. Net Income	3. Sales on Account	4. Bad Debts
1931	$	$	$
1932			
1933			
1934			
1935			

SCHEDULE H—INCOME FROM DIVIDENDS (See Instruction 12)

Itemize below all dividends received during the year, stating the amount and the name and address of the corporation which declared the dividend:

SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 23)

1. Kind of Property (If buildings, state material of which constructed)	2. Date Acquired	3. Cost or March 1, 1913 Value if Acquired Prior to That Date (Indicate basis)	4. Assets Fully Depreciated in Use at End of Year	5. Depreciation Allowed (or Allowable) in Prior Years	6. Remaining Cost or Other Basis to Be Recovered	7. Life Used in Accumulating Depreciation	8. Estimated Remaining Life from Beginning of Year	9. Depreciation Allowable This Year
		$	$	$	$			$

AFFIDAVIT (See Instruction 46)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return (including its accompanying schedules and statements, if any) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this 10th day of April, 1935

NOTARIAL SEAL — (Signature of officer administering oath) ..... (Title)

CORPORATE SEAL — (President) EXECUTIVE VICE-PRESIDENT. (Treasurer, Assistant Treasurer, or Chief Accounting Officer) (State title)

AFFIDAVIT (See Instruction 47)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this 10th day of April, 1935

C. H. O'Neill (Signature of person preparing the return)

(Signature of person preparing the return)

NOTARIAL SEAL — (Signature of officer administering oath) ..... (Title)

(Name of firm or employer, if any) 9—16000

BANK OF AMERICA N. T. & S. A. - AMENDED RETURN 1935

STATEMENT

The depreciation deducted on our original return was erroneous and not in accordance with our books and records. In 1932 we adjusted our depreciation schedules to reflect the results of a survey of the depreciable assets made to determine an accurate basis for depreciation. Although the adjustment was given effect on our books the old depreciation schedules were used as a basis for computing the depreciation deducted on the tax return pending a review by the Commissioner of Internal Revenue and a mutually satisfactory revision of the depreciation for income tax purposes. This revision was made and mutually satisfactory schedules were prepared by the Bank and the office of the Internal Revenue Agent in Charge at San Francisco but these schedules were rejected by the Commissioner of Internal Revenue presumably on the grounds that the Bank had claimed greater depreciation in the years 1932, 1933, 1934 and 1935. This amended return is being filed to change and correct the depreciation deduction taken on the original return and to bring the original return into accord with the books and records of the Bank.

& S. A.
ULES

	REVENUE AGENT'S REPORT	
RESERVE	DEPRECIATION	RESERVE
,582,552.20		
,844,416.98		
,156,046.64		
,708,061.80		
,046,384.41		4,940,494.72
,940,494.72		5,394,077.85
,453,103.83	453,583.13	5,883,565.42
,918,813.18	489,477.67	-
,974,174.45	318,743.70	-
,220,825.98	309,357.10	-
,972,390.06	291,326.89	
,982,116.01		
,315,272.84		
,661,804.50		
,146,369.79		
,031,288.91		5,170,548.32
,170,548.32	234,482.90	5,405,031.22
,709,688.20	255,599.27	5,660,430.49
,177,841.16	243,687.20	5,904,117.69
552,775.90	268,468.46	6,172,586.14
,001,667.87	280,846.54	6,453,432.68
,496,980.39		
,891,105.86		
,019,225.06		
,351,546.98		
,669,691.51		
,190,688.96		3,280,606.68
,280,606.68	118,300.21	3,398,906.87
,559,467.19	139,405.05	3,538,311.98
,698,582.71	137,074.95	3,675,386.87
,309,967.73	151,250.03	3,826,636.90
,551,298.61	164,105.46	3,990,742.36
,841,499.28		

s 1932 to 1935 to conform with books.

reciation as charged off on the books, disregarding entirely for prior years. Therefore, the depreciation reserves shown r books rather than the reserves accumulated on the tax re- 1939 and 1940 were aided to the depreciation reserve as of ons taken on the tax returns for years prior to 1938, the

Banking Premises	Fixtures	Furniture
6,237,556.88	6,610,204.90	4,123,965.34
6,484,208.41	7,059,096.87	4,365,296.22
6,235,772.48	7,554,409.39	4,655,495.89

1935 BANK OF AMERICA N. T. & S. A. 1935

Amended Depreciation Schedule

Property	Accumulated Reserve 12/31/35	Cost	Depreciation Prior Years	Remaining Cost	Correct Depreciation 1935	Depreciation Deducted on Orig. Return	Excessive Depreciation Deducted on Orig. Return
Bank Premises	4,127,785.23	31,350,999.15	3,824,897.07	27,526,102.08	302,888.16	512,699.24	209,811.08
Alterations	758,578.38	1,572,984.29	670,697.36	902,286.93	87,881.02	84,621.39	3,259.63
Furniture	2,704,732.50	4,398,157.87	2,514,090.80	1,884,067.07	190,641.70	310,258.18	119,616.48
Fixtures	4,361,620.57	7,460,369.63	3,987,102.77	3,473,266.86	374,517.80	524,051.53	149,533.73
Safe Deposit	651,209.27	3,500,556.63	585,230.03	2,915,326.60	65,979.24	75,973.40	9,994.16
Autos	48,440.94	64,325.97	42,022.17	22,303.80	6,418.77	6,418.77	-
Addressograph	24,000.00	24,801.19	18,000.00	6,801.19	6,000.00	6,000.00	-
O.F.E. Improvements	37,281.37	675,278.84	12,739.68	662,537.16	24,541.69	24,541.69	-
Restorations	31,545.94	83,071.89	29,342.35	53,729.34	2,203.59	2,203.59	-
Totals	12,745,194.20	49,130,543.26	11,684,122.23	37,446,421.03	1,061,071.97	1,546,767.79	486,695.82

Other schedules same as on the original return

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B. A. N. T. & S. A.

Banking Premises	Fixtures	Furniture
6,237,556.88	6,610,204.90	4,123,965.34
6,464,208.41	7,089,096.87	4,365,296.22
6,235,772.48	7,554,409.39	4,655,495.89

s 1932 to 1935 to conform with books.

reciation as charged off on the books, disregarding entirely for prior years. Therefore, the depreciation reserves shown r books rather than the reserves accumulated on the tax re- 1939 and 1940 were added to the depreciation reserve as of ons taken on the tax returns for years prior to 1938, the

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BANK OF AMERICA N. T. & S. A.

DEPRECIATION SCHEDULES

YEAR	BANK PREMISES						
	COST	BOOKS		ORIGINAL TAX RETURNS **		REVENUE AGENT'S REPORT	
		DEPRECIATION	RESERVE	DEPRECIATION	RESERVE	DEPRECIATION	RESERVE
1930	24,967,352.23	736,263.21	4,362,352.20	736,263.21	4,362,352.20		
1931	21,349,378.99	803,592.53	3,644,416.96	803,592.53	3,644,416.96		
1932	21,151,857.89	367,641.88	3,696,809.27	597,081.25	4,136,048.64		
1933	21,174,209.84	333,134.64	4,229,943.91	572,013.16	4,708,061.80		
1934	19,097,673.23	299,581.18	4,311,859.47	618,827.65	5,046,384.41		
1935	18,113,539.46	302,888.16	4,127,785.23	512,499.24	4,940,494.72		4,940,494.72
1936	16,323,718.56	306,864.18	4,418,822.00	537,626.13	5,453,103.85	453,585.13	5,394,077.85
1937	18,271,440.17	345,541.86	4,655,430.76	583,183.26	5,918,813.16	489,477.57	5,883,555.42
1938	18,727,773.67	318,743.70	4,974,174.45	318,743.70	4,974,174.45	318,743.70	-
1939	18,684,339.82	309,367.10	5,220,625.96	309,367.10	5,220,625.98	309,367.10	-
1940	16,919,513.29*	291,325.69	4,972,390.05	291,326.88	4,972,390.05	291,325.69	-
* As adjusted by Rev.Agent-16,980,511.23							
	FIXTURES						
1930	8,218,867.65	489,749.76	2,982,116.01	489,749.76	2,982,116.01		
1931	7,723,296.69	969,170.60	3,315,272.64	969,170.60	3,315,272.64		
1932	7,406,259.68	343,962.21	3,437,970.32	568,120.12	3,661,804.50		
1933	7,236,954.91	336,803.66	3,665,525.24	564,776.56	4,146,389.79		
1934	7,723,874.66	342,836.37	4,298,711.28	553,767.42	4,031,288.91		
1935	7,480,369.63	374,517.90	4,361,620.57	524,051.63	5,170,548.32		5,170,548.32
1936	7,643,726.77	395,890.20	4,752,837.72	542,467.93	5,709,588.20	234,482.90	5,405,031.22
1937	6,190,888.91	406,100.76	5,120,212.16	542,383.55	6,177,641.18	255,599.27	5,660,430.49
1938	6,746,566.41	432,563.74	5,552,775.90	432,563.74	5,552,775.90	243,687.20	5,904,117.69
1939	9,018,930.73	403,492.50	6,001,667.67	403,492.50	6,001,667.87	268,468.45	6,172,586.14
1940	9,169,189.47	495,312.52	6,496,980.39	495,312.52	6,496,980.39	280,846.54	6,453,432.66
	FURNITURE						
1930	4,184,625.51	264,241.36	1,691,105.89	264,241.36	1,691,105.89		
1931	4,193,548.00	323,263.93	2,019,225.64	323,263.93	2,019,225.66		
1932	4,196,333.19	166,915.89	2,184,741.74	336,715.78	2,351,546.93		
1933	4,204,241.62	170,441.84	2,350,520.56	323,173.65	2,669,691.61		
1934	4,505,153.52	172,090.20	2,495,812.72	316,130.67	3,190,688.96		
1935	4,398,157.57	190,641.70	2,704,732.50	310,256.16	3,280,606.66		3,280,606.66
1936	4,616,327.65	210,616.09	2,915,309.64	302,566.15	3,559,467.19	116,300.21	3,398,906.87
1937	5,061,367.14	207,560.46	3,082,486.10	342,016.05	3,696,382.71	139,405.05	3,535,311.96
1938	5,323,977.96	227,662.65	3,309,967.73	227,592.65	3,309,967.73	137,074.95	3,675,386.67
1939	5,633,869.89	291,493.76	3,551,298.61	291,493.76	3,551,298.61	151,280.03	3,826,636.90
1940	5,752,492.46	290,200.67	3,841,499.28	290,200.67	3,641,499.28	164,105.46	3,990,742.36

** Amended tax returns changed depreciation and reserves for years 1932 to 1935 to conform with books.

Original tax returns for 1938, 1939 and 1940 reflected the depreciation as charged off on the books, disregarding entirely the depreciation which was deducted on the income tax returns for prior years. Therefore, the depreciation reserves shown in this column for 1938, 1939 and 1940 reflect the reserves per books rather than the reserves accumulated on the tax returns. If the depreciation deducted on the returns for 1938, 1939 and 1940 were added to the depreciation reserve as of December 31, 1937, as accumulated through depreciation deductions taken on the tax returns for years prior to 1938, the reserves for 1938, 1939 and 1940 would be as follows:

	Banking Premises	Fixtures	Furniture
1938	6,237,556.88	6,610,204.90	4,123,965.34
1939	6,464,208.41	7,059,096.87	4,365,296.22
1940	6,235,772.48	7,554,409.39	4,655,496.89

Name — Bank of America [illegible]

Bank Premises — Sheet 1

Year Acquired	Cost	Reserve Book	Reserve Returns	Reserve Adj.
✓ Wasco. Taken over 1922. Bldg [illegible]				
1922 (c)	5,000			
1927	807,169			
12/31/31	1,401,111	294,265		
12/31/35	1,401,111	387,413	1,673,97	[illegible]
1936	4,510			
1937	21,256			
12/31/37	1,426,872	431,[illegible]	[illegible]	[illegible]
✓✓ Chico. Bldg [illegible] by [illegible] 1931 [illegible]				
1931	[illegible]			
12/31/31	[illegible]	142,364		
12/31/35	[illegible]	[illegible]	[illegible]	[illegible]
12/31/37	[illegible]	[illegible]	[illegible]	[illegible]

Name – Bank

Reserve

Year Acquired	K	Returns	Adj
✓ Waco.	1922	Bldg	
1922 (c)			
1927			
12/31/31	19765		
12/31/35	7413	673.17	
1936			
1937			
12/31/37	31155	552372	
✓ ✓ Chico.		Lapsed	1931
1931			
12/31/31	42364		
12/31/35			
12/31/37		99126	

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BANK OF AMERICA N.T. & S.
Depreciation - Bank Premis
1938 to 1942

BRANCH Name	No.	Date	La
Pine + Montgomery		12/31/40	1,188
L.A. Cent. Clearing Office	2	12/31/37 1940	35
North Long Beach Future		12/31/40	4
L.A. Record Storage Warehouse	2	1940	2
Fellows	1003	12/31/37	

Name — Bank of America [illegible]

Depreciation Adjustments — 1936 & 1937

Bank Premises — Block 1

Year Acquired	Cost	Reserve Books	Reserve Returns	Reserve Adjusted (2)	Remaining Cost Books	Remaining Cost Returns	Remaining Cost Adjusted	Remaining Life in Years	Rate (A)	Depreciation Adjustments 1936 Claimed	1936 Allowable	(B)	1937 Claimed	1937 Allowable
√ Waco. Taken over 1922. Bldg erected 1913. Addn to Bldg. 1927. 3% rate applied prior to 1932.														
1922	(c) 594002							37 years				22037		
1927	307189											42033		
12/31/31	1401111	299265			11018.46 (÷ 37 = 297.79)				Approx. Estimated life at cost			29433		
12/31/35	→ 1401111	387413	467397	416957 (7)	10126.98	933714	984154	- 2.1%		42033	29433	26294	42033	29433
1936	4510							"		136	47		136	95
1937	21552							"					637	233
12/31/37	→ 1426875 (b)	432155	552372	476168 (b)	994720	894503	950707 (b)			42169	29470	..	42806	29741
√ √ Waco. Bldg erected by Corporation 1931. 3% rate applied prior to 1932.														
1931	711194											142304		
12/31/31	711194	142304										142304		
12/31/35	711194	700136	711194	711194	6150058	6403674	6403674	49 years 2%		142304	142304	142304	142304	142304
12/31/37	711194	990660	996198	996198	6136 00	6190666	6190666	"		142304	142304		142304	142304
√ √ Atlanta. Bldg erected by Corporation 1928. 2½% rate applied prior to 1932.												11[illegible]		
1928	[illegible]											16[illegible]		
12/31	[illegible]							46 years				12[illegible]26		
12/31/35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2%		161033	12[illegible]26	1,245.82	161033	12[illegible]26
12/31/37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			16533	24226		16533	12[illegible]26
√ [illegible]												[illegible]		
												8[illegible]08		
												646[illegible]		
								41 years						
12/31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2%		[illegible]	[illegible]	582.18	[illegible]	646.47
								203		[illegible]	646		8[illegible]08	646.47
[illegible]	[illegible]		3297936				49 cook							
1927	1835[illegible]		[illegible]01				4206203							

BANK OF AMERICA N.T. & S.A.
Depreciation - Bank Premises
1938 to 1942

BRANCH Name	No.	Date	Cost Land	Cost Building	Reserve for depreciation 12/31/37	Depreciation rate on cost	DEPRECIATION 1938	1939	1940	1941	1942	Reserve for depreciation 12/31/42
Pico + Montgomery		12/2/40	1,188643 79	-o-								
L.A. Cent. Clearing Office	2	12/31/37 1940	35000-	397539 34007	38070	3%	11926 60 -	11926 60 -	11926 60 510			
North Long Beach Store		12/31/40	4547.00	-o-	-		-	-	-			
L.A. Record Storage Warehouse	2	1940	207000	1748306	-	2%	-	-	17483			
Fellows	1003	12/31/37	-o-	336622	5049	3%	10099	10099	10099			
Wasco	4	12/31/37	70000	1426875	476168	2.1%	29964	29964	29964			
Chico	6	12/31/37 1938	2227375	7115194 1397	996128	2%	142304 14	142304 28	142304 28			
Petaluma	7	12/31/37 1940	1100000 00	6461304 644	1358072	2%	129226	129226	129226 06			
Fresno M.O.	10	12/31/37 1938 1939 1940	352536 50	362008 99 502567 9 23900 2400	1251545	2%	7240 18 592 57	7240 18 1185 14 239	7240 18 1185 14 478 24			

EXHIBIT 17

December 10, 1941.

Mr. Frank M. Harless,
Internal Revenue Agent in Charge
74 New Montgomery Street,
San Francisco, California.

Re: Bank of America N. T. & S. A.

Dear Mr. Harless:

I have just been advised that your office has advanced objections to the depreciation schedules recently compiled by the joint efforts of representatives of your office and myself representing the Bank of America. I am so impressed that important facts with respect to these schedules must have been overlooked that I am taking the liberty of writing you in the hope that you might reconsider the case.

Prior to December 31, 1931, the Bank had been deducting on its tax returns the same amount of depreciation as was charged off on its books. Examiners in earlier years approved these deductions for income tax purposes. Shortly after that date the Bank decided that its charge-off for depreciation was not correctly computed, and it proceeded to have an analysis made of bank premises and furniture and fixtures and other fixed assets, for the purpose of determining the proper rates and amounts of depreciation justifiable by its experience. This investigation extended over a period of two years, and on the basis of this investigation the

Bank determined that as to its bank premises in use in 1932, an over-all remaining life of 50 years would reflect a proper allowance for depreciation, and as to furniture and fixtures a 12½-year life should be used as a basis for computing the depreciation allowance; and upon the basis of this appraisal the Bank made its charge-off for depreciation on its books.

The original depreciation schedule set up for income tax purposes, showing a computation of the depreciation on bank premises, was compiled on a strictly theoretical formula which classified buildings in four classifications and gave to each classification a certain remaining life, regardless of condition, age at acquisition, or any other factors. These classifications were—

Class A—50 year life
Class B—40 year life
Class C—33 year life
Class D—25 year life

Unfortunately, after 1931, the use of this formula was carried to extremes, as for example in the case of a Class D building acquired when it was 20 years of age, a life of 5 years would be automatically attributed to it and a depreciation rate of 20% per year established as the depreciation rate for that building.

With respect to the depreciation schedule for income tax purposes on furniture and fixtures, an arbitrary rate of 8% was used, but here again in the application of this rate errors were made, as

for example, if a furniture account of $10,000 in a certain branch had an original acquisition date in 1921, and in 1933 an additional $10,000 was added, the persons preparing the schedules would continue to depreciate the $20,000 at the rate of 8% per year until the entire $20,000 was exhausted, and, of course, by this method they completely ignored the fact that the original $10,000 would be exhausted by depreciation in the year 1933 and that thereafter the annual depreciation allowance would merely be 8% on the $10,000 addition. Other errors were apparent in these schedules, so that it was obvious that they would have to be adjusted.

Early in the year 1936 an Internal Revenue Agent investigated the income tax return of the Bank for the year 1934. This return disclosed a large loss. The Agent did make a cursory examination of the depreciation deduction, noted that it was in error and excessive, and expressed himself to that effect to me, and I agreed with his conclusions. However, the net loss for the year was so substantial that correction of the depreciation would not have resulted in a tax liability, and so the Agent deferred the correction of the schedules to some year when a tax liability would be involved.

The very same thing occurred when the return for the year 1935 was audited early in 1937. It is my recollection that with respect to one of those investigations, and I believe it was the one involving the 1935 return, the Agent questioned the depreciation and concluded that it was excessive, to which I agreed, and submitted the matter to the

Engineer Agent, Mr. Clack, and again I was told that inasmuch as any adjustment would not result in a tax liability, the correction of the schedules would be deferred until a tax liability was involved.

During this period of time I had advised the Bank that the depreciation deductions were excessive and that the schedules were excessive and that the schedules were erroneous and that they would have to be adjusted. I had been depending upon the investigation of the depreciation by Internal Revenue Agents so that we could agree upon correct rates and upon correct schedules. In this connection I might add that the tax schedules which were used in computing the deductions shown on the returns were compiled in a certain form and in a manner which through custom and through the system devised to handle it, resulted in the least inconvenience to the accounting department of the Bank. The depreciation was computed on bank premises and on furniture and fixtures separately by branches, and when it is realized that the Bank has 495 branches, it can be appreciated that the compilation of these schedules is a major task. As tax counsel for the Bank I did not like to disturb the system which was being used in compiling the depreciation schedules for income tax purposes unless and until I was certain that the revised schedules would be schedules satisfactory to the Government, and it was for this reason and this reason alone that no revisions of the schedules were made.

The income tax returns filed for the years 1932 to 1936, inclusive, disclosed net losses, showing no

tax liability. The return for 1937 disclosed a tax liability of approximately $35,000. I had been hoping that we could have revised the schedules by that time, but since that had not occurred, I recommended to the Bank that it arbitrarily ignore the schedules that were theretofore being used for tax purposes and to claim as a deduction merely the amount of the depreciation charged off on the books, and so, for the years 1938, 1939 and 1940 the depreciation claimed on the tax returns was exactly the depreciation deducted on the books.

In 1938 the income tax return for 1936 was examined and in the latter part of 1938 and in 1939, the return for 1937 was examined. Certain adjustments were proposed, including the disallowance of depreciation on about 17 parcels of bank premises (out of approximately 400 parcels), and on furniture and fixtures. These adjustments were in the nature of "short-cut" adjustments and did not involve a complete revision of the depreciation schedules. A deficiency notice was issued and a petition filed with the Board. No objection was made to the adjustment of depreciation on bank premises, but objection was raised to the adjustment of depreciation on furniture and fixtures. About the time this petition was filed, your office advised us that the return for 1938 was to be audited and that in connection with this audit, a thorough investigation of the depreciation was to be made by your engineers, Mr. Robinson and Mr. Clack.

In January, 1940, I had conferences with your engineers as to the entire reconstruction of the de-

preciation schedules. Your engineers advised me that even though only the year 1938 was being audited, the schedules could be revised for all years so that the proper deductions for all years could be determined and the tax liability correctly computed. Upon the basis of the facts hereinbefore stated they agreed that schedules should be compiled computing the correct depreciation from 1932 to date.

The Bank was having an appraisal of fixed assets made by the American Appraisal Company about this time, and, at the suggestion of the Government engineers we had the appraisal supplemented to include data desired by them to assist them in the determination of the depreciation rate. We then agreed upon the form of schedule and factors to be used and I agreed to compile the schedule. The Bank then employed four extra persons to help the regular accounting staff and myself in compiling these schedules. (As hereinbefore stated, over 400 properties were separately investigated and scheduled.) We worked continuously from January to April, 1940, completing these schedules of which we made photostats, which were submitted to the Engineers. There after I had a number of conferences with Mr. Clack and finally in July of this year Mr. Clack decided to revise the schedules to include certain additional information and to extend the schedules to cover the years 1939 and 1940. Again the Bank employed additional help, and its employees and myself, in collaboration with Mr. Clack and other agents attached to your office, completed the revised schedules after over three months of con-

stant work. An immense amount of work was involved to check the various factors and to fix the depreciation rate. I had many conferences with Mr. Clack and the agents and we ended up in complete accord on the schedules which formed a part of Mr. Clack's report and on the depreciation deductions computed in accordance therewith for all years.

I would like to repeat and emphasize the fact that this investigation of depreciation has extended over a period of almost two years and that the Bank's co-operation and effort to have an accurate determination of its depreciation deduction and to compile schedules in accordance with the determinations and requirements of your investigating officers has cost the Bank a substantial amount of money in added outlay alone, in addition to the other expense of its staff which might be allocated to this work. This is mentioned only to show that the Bank spared no expense in a sincere effort to compile depreciation schedules satisfactory to your office which would not only settle the deduction for earlier years but which could be used as a precedent for computing the deduction for future years; and to show how expensive and useless it would have been to revise these schedules of depreciation before reaching an agreement with your investigating officers as to the basis and factors to be used in computing the depreciation deduction.

Your objection to the schedules, as I understand it, seems to be the starting point for making corrections of the depreciation deductions—December 31, 1931, or December 31, 1935. When Mr. Clack

started his investigation, his authority was limited to the year 1938. However, from the facts hereinbefore stated, he knew that the depreciation was incorrectly computed for all years from 1932 to 1938 so that the asset accounts were being exhausted too rapidly during that entire period by excessive depreciation deductions. He then secured authority to adjust the deduction for 1936 and 1937 since the tax liability for those years was still in dispute. He was aware that these adjustments established the inaccuracy of the deductions for the years 1932 to 1935 and from his previous contact with the case as hereinbefore explained, he knew the deductions in those years were erroneous and that he had deferred adjusting them. Presumably he had intended adjusting them when the occasion arose for revising the entire schedules, and this was the expected occasion, so it was the only proper that his revisions cover the entire period. True, the statute of limitations barred the making of a assessments of deficiencies for those early years, but he at all times knew that due to large losses, no deficiencies would result from the correction. The refusal to compute the correct depreciation for those years does deprive the Bank of depreciation deductions to which it is justly entitled in future years because it is in effect a refusal to restore to the capital account the excessive depreciation taken in the earlier years which is rightly a deduction allowable in later years. The Bank was at all times depending upon your office for a fair and just adjustment at such time when in the convenience of your office,

you would either prepare or instruct us in the preparation of revised depreciation schedules and the Bank should not be penalized by being deprived of a deduction to which it is justly entitled under the law for depending upon your office in this sensible and practical plan for reaching a satisfactory basis on a highly speculative and debatable matter.

I realize that you might properly inquire why the deductions were shown on the returns for prior years if they were known to be in error. I have already touched upon this. During the period of time when as heretofore explained, we were waiting for the opportunity to prepare correct depreciation schedules, the return figures for depreciation were merely "fill-in" figures. They did not affect the income tax liability except for 1937 and by that time both your office and the Bank knew that any figure which the Bank might use would be a mere estimate subject to adjustment.

The figures of depreciation shown on the returns for those years, 1932 to 1937, inclusive, with respect to Bank premises and furniture and fixtures were not charged off on the books and from a strictly technical viewpoint could not have been allowed or allowable for that reason alone. Regardless of that technicality, it is conceded by the Bureau of Internal Revenue, by your office, and by us that the deductions taken in those years were excessive and therefore not "allowable" under the statute then in force. To say that they have been "allowed," even though erroneous, is absolutely contrary to the facts.

The deductions were so grossly excessive, and known by your office to be so, that it is almost impossible to conclude that they had ever been "allowed." The answer really is that the deductions were admittedly erroneous in all of those years but under the then prevailing Bureau practice not to compute adjustments requiring a lot of time where the making of the adjustment would not affect the tax liability for the year under investigation, the adjustment was deferred by the Government until a later date. It is not fair or proper that by virtue of that deferment the Bureau of Internal Revenue should now propose to subject this taxpayer to the injustice of a claim that something admittedly grossly erroneous has been "allowed." The Bank obtained absolutely no tax benefit in any of those years by the deferment of the compilation of correct depreciation schedules.

There is one further matter which I want to call to your attention and which I am sure has not been appreciated in the consideration of this case, and that is that the Bank has been eminently fair with the Government in reaching an agreement with your examining officers on many issues in order to establish its tax liability and a basis for preparing proper returns for future years. Your officers, too, have been fair and courteous in the conduct of this case but the Bank has made many concessions.

First, as to 1936 and 1937 the Government disallowed depreciation on bank premises in amounts of approximately $84,000 and $94,000, respectively, and no issue with respect thereto is raised in the

pleadings before the Board of Tax Appeals. In agreeing to the revised depreciation schedule the Bank agreed to stipulate a disallowance of approximately $171,000 and $190,000, respectively. Furthermore, the Bank also agreed to stipulate a disallowance of depreciation on Merchants National Realty Corporation property of approximately $55,000 for each year; and also agreed to stipulate a disallowance of repair expense of approximately $35,000 for each year. Neither of these items is raised in the Petition. These agreements were made contingent upon the approval of the revised schedules. As to the merits of the adjustments—the question of depreciation is always speculative and problematical. The disallowances result from extending the remaining life of buildings, in some instances to 60 and 70 years, and generally by decreasing the rates by very small fractions of a point. These are small adjustments but in the aggregate, on 400 parcels of property, the amount involved is substantial. Nevertheless, with the burden upon the Government, what are the chances of reducing a rate of 2% on a building to 1.9% or 1.8%. Or of reducing a rate of 3% to a rate of 2.9% or 2.75%. Our original estimates may still be correct, but we have made the concessions of accepting Mr. Clack's estimates in the interests of settling upon a mutually satisfactory schedule of depreciation. Likewise as to the disallowance of repairs? Our classification of these expenditures as repairs may still be correct?

Second, as to furniture and fixtures—the Bank's survey in 1932-1933, upon the basis of which it estab-

lished its depreciation allowance on its books, showed that in its experience this class of property had a useful life of 15 years. Yet, in the interests of settlement, we have agreed to an estimated life of 16⅔ years, which, though but a small increase in life, results in a substantial reduction of annual depreciation due to the large capital amounts involved. And so as to other items. The Bank has been fair, it has reached a settlement of all issues with your examining officers, it has filed an agreement form as to approximately $250,000 additional tax for 1938, 1939 and 1940, and has conceded items with respect to 1936 and 1937.

Third, by accepting the revised schedules on bank premises, the Bank conceded a greater accumulation of depreciation in earlier years than reflected on its books, to the following extent:

Item	Reserve for Depreciation, 12/31/35 Per Books	Per Revised Schedule
Bank premises	4,108,998.39	4,343,767.48

Fourth, the Bank has expended a substantial amount of money in co-operating with your officers in compiling the voluminous schedules under their direction. Again, this is not intended as a criticism, but is mentioned merely to point out that the Bank has made every effort to be fair in solving this depreciation problem.

Fifth, if the Engineer's rates and methods of computing depreciation on furniture and fixtures, as applied after December 31, 1935, were applied from 1932 to 1935, the remaining balance of furniture and fixtures on December 31, 1935, would be

substantially higher than the figure used in the revised schedule. The December 31, 1935, figures actually used on the revised schedules are the figures shown on the books of the Bank, which, as hereinbefore explained, were accumulated on the basis of a careful survey of the Bank's experience as to depreciation on this classification of property. I am absolutely confident that on the basis of the facts in this case, we can sustain our position that the books properly reflect the depreciation deduction. If we should advance and prevail on a contention that the Engineer's rates should relate back to 1932, the proposed tax deficiencies for all years would be materially reduced.

Conclusion

As I understand your objection, as stated to me by Mr. Clack, you seem to be of the opinion that this case depends entirely on the Pittsburgh Brewing Company case and that we are invoking the doctrine of that case as the sole support for our position. We think the Pittsburgh Brewing Company case does support our position; also that several recent Board decisions holding that refunds or recoveries of expenses deducted in loss years are not taxable in the year of recovery, may involve analogous principles supporting our position. We do not cite those cases as establishing our position. An extreme statement of our position is that the recording of the depreciation deduction on the return from 1932 to 1935 was of no more effect than if no deduction whatever had been shown on the returns

and in support of this statement we respectfully submit the following summarizations of the points hereinbefore advanced:

(1) The tax return figures for depreciation were admitted to be erroneous both by the Bank and by your office:

(a) The Bank refused to put them on its books, substituting instead figures based on its survey of its assets.

(b) The figures were mathematically incorrect.

(c) Your office has recognized the schedules as being grossly incorrect.

(d) The deductions for depreciation shown thereon for the years 1932 to 1935 were not "allowed." They were specifically determined by your office, as early of February or March, 1936 (and perhaps earlier, but the first representations made to us as to the disapproval of your office of the depreciation deduction was in February or March, 1936), to be in error. There was, rather, a deferment of the computation of the adjustment because it was obvious at the time that the tax liability could not be affected by an adjustment. The loss and depreciation figures shown on the returns were as follows:

Year	Loss	Depreciation
1932	12,047,167.29	1,947,819.34
1933	10,827,436.79	1,626,364.31
1934	6,904,535.85	1,620,826.23
1395	1,361,174.06	1,546,767.79

It is inconceivable that after your investigating officers disapproved of the deductions, knowing that the deductions of $1,500,000 to $1,900,000 were excessive by anywhere from $500,000 to $1,000,000 this taxpayer was allowed a deduction knowingly excessive by such a substantial figure.

(2) The computation of the correct depreciation for all years has been deferred, and the revised schedules represent a completion of work contemplated by both your office and the Bank for many years, as hereinbefore explained.

We also wish to emphasize that by acceptance of these revised schedules we are settling upon a determination of the income tax liability of the Bank for the years 1938 to 1940, inclusive, we are eliminating many issues from the Board proceeding involving the years 1936 and 1937, we are establishing a basis for computing depreciation in future years thus enabling the Bank to make proper entries on its books, and to prepare proper income tax returns, we are avoiding long and expensive litigation which will not only defer the determination of the Bank's tax liability for the years 1936 to 1940, inclusive, for several years, but will also continue to make it impossible to make proper computations of the depreciation deductions or to prepare proper income tax returns.

There is so much of mutual advantage to the Gov-

ernment and to the Bank to give effect to the immense amount of work done by your representatives and the Bank over a two-year period in compiling these revised schedules, by accepting those schedules, and there are so many facts involved in connection with this matter, as stated herein, to justify the acceptance of the schedules, that I respectfully submit this letter as a request for reconsideration of the case in the hope that upon such reconsideration your office may find the depreciation schedules, as revised by your representatives, to be correct and acceptable.

Very truly yours,

[Endorsed]: No. 11718. United States Circuit Court of Appeals for the Ninth Circuit. Bank of America National Trust and Savings Association, a National Banking Association. Appellant, vs. United States of America, Appellee. Transcript of Record. Upon Appeal From the District Court of the United States for the Northern District of California, Southern Division.

Filed August 29, 1947.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals for the Ninth Circuit.

In the United States Circuit Court of Appeals
for the Ninth Circuit

No. 11718

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a National Banking Association,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

STATEMENT OF POINTS TO BE RELIED UPON ON APPEAL

Comes Now the appellant above named by its attorney of record and complying with the rules of this Court states that it intends to rely on appeal on all and each of the points alleged in the statement of points to be relied upon on appeal filed with the District Court below and indicated in the transcript herein.

/s/ GEORGE H. KOSTER,
Attorney for Appellant.
300 Montgomery Street,
San Francisco, California.

Receipt of copy acknowledged 9/4/47.

/s/ WILLIAM E. LICKING,
Asst. U. S. Atty.

In the United States Circuit Court of Appeals
for the Ninth Circuit

No. 11718

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a National Banking Association,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

STIPULATION AS TO PORTION OF RECORD TO BE PRINTED

Whereas the parties hereto believe that certain portions of the record on appeal herein may be omitted from the printed record without inconvenience to the Court in the consideration of the errors assigned,

Now Therefore, for the purpose of reducing the costs of appeal, the parties hereto through their respective counsel of record hereby stipulate and agree that only the portions of the record designated below need be included in the printed record:

1. Pages 1 to 125, inclusive, which includes:

   a. Amended Complaint.
   b. Answer to Amended Complaint.
   c. Stipulation of Facts No. 1.
   d. Stipulation of Facts No. 2.
   e. Plaintiff's Motion to Set Aside Order of Submission and to Reopen Case.

f. Defendant's opposition to plaintiff's motion to reopen case.

g. District Court's Opinion filed December 5, 1946.

h. Order of the Court filed December 30, 1946.

i. Findings of Fact and Conclusions of Law.

j. Judgment entered March 13, 1947.

k. Notice of Appeal with date of Filing.

l. Bond for Costs on appeal.

m. Designation of Contents of Record on Appeal filed in District Court.

n. Appellant's statement of Points to be Relied Upon on Appeal Filed in District Court.

o. Order extending time within which to file Record on Appeal.

p. Transcript of Docket entries.

2. Pages of exhibits attached to Stipulation of Facts No. 2 as follows:

a. Pages 1 to 3 of Exhibit 3.

b. Page 5 of Exhibit 3.

c. Page 10 of Exhibit 3.

d. Pages 18 to 40, inclusive, of Exhibit 3.

e. Pages 43 to 47, inclusive, of Exhibit 3.

f. Pages 50 to 53, inclusive, of Exhibit 3.

g. All pages of Exhibits 5 to 15, inclusive.

h. Sheet 1 of Exhibit 16.

i. Sheet 56 of Exhibit 16.

j. All pages of Exhibit 17.

3. Statement of Points to be Relied Upon on Appeal filed in the Circuit Court.

4. This Stipulation as to Portion of Record to be printed.

The portions of the record to be omitted from the record are as follows:

1. Pages of Exhibits attached to Stipulation of Facts No. 2 as follows:

(a) All pages of Exhibits 1 and 2.
(b) Page 4 of Exhibit 3.
(c) Pages 6 to 9, inclusive, of Exhibit 3.
(d) Pages 11 to 17, inclusive, of Exhibit 3.
(e) Pages 41 and 42 of Exhibit 3.
(f) Pages 48 and 49 of Exhibit 3.
(g) All pages of Exhibit 4.
(h) Sheets 2 to 55, inclusive, of Exhibit 16.
(i) Sheets 57 to 80, inclusive, of Exhibit 16.

It is further stipulated and agreed that Sheets 2 to 55, inclusive, and Sheets 57 to 80, inclusive, of Exhibit 16 attached to Stipulation of Facts No. 2 and omitted from the printed record are depreciation schedules which are similar to and contain the same information as Sheets 1 and 56 of said exhibit differing only as to names and figures applicable to particular depreciable properties.

It is further stipulated and agreed that if in the course of the preparation of the briefs or in the oral argument of this appeal counsel for either party finds it necessary or desirable to refer to any of the exhibits or portions thereof which have been

omitted from the printed record, he may, with the permission and the approval of the Court, refer to said exhibits in the original record.

This stipulation shall be included in the printed record.

Respectfully submitted,

/s/ GEORGE H. KOSTER,
Attorney for Appellant.

/s/ FRANK J. HENNESSY,
/s/ WILLIAM E. LICKING,
Attorneys for Appellee.

So ordered:

/s/ FRANCIS A. GARRECHT,
Senior United States Circuit Judge.

San Francisco, Calif., October 21, 1947.